SASKATCHEWAN

Annual Report on Operations For the Year Ended March 31, 2004

Office of the Provincial Auditor

Annual Report on Operations
For the Year Ended
March 31, 2004

Provincial Auditor Saskatchewan

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This Report and previous Reports are available on the Internet at http://www.auditor.sk.ca/

Vision

We envision effective, open, and accountable government.

Mission

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June 10, 2004

The Honourable P. Myron Kowalsky
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour to submit my *Annual Report on Operations For the Year Ended March 31, 2004* to be laid before the Legislative Assembly under the provisions of Section 14 of *The Provincial Auditor Act*. The information in this report reflects known events up to June 3, 2004.

Respectfully submitted,

Fred Wendel, CMA, CA
Provincial Auditor

/dd

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Provincial Auditor's Comments

I am pleased to present my performance report for the 2004 fiscal year to the Legislative Assembly. This report follows the principles recommended by the CCAF in its document *Reporting Principles: Taking Public Performance Reporting to a New Level.*

I am proud of the Office's achievements in fulfilling its mandate to the Legislative Assembly and the people of Saskatchewan. The success of our Office depends on many people.

In each of the last nine years, legislators have supported our Office's resource requests outlined in our Business and Financial Plans. Adequate resources help to ensure our work is relevant, reliable, and cost effective. Our reports to the Legislative Assembly and the Government are the result of the hard work, dedication, and skills of our staff. We also rely on the co-operation and assistance of government officials and their appointed auditors. And, the review of our reports by legislators and the public is essential to our success.

To provide timely reporting, we publish our annual report on the Government's performance in several volumes. The 2003 Report – Volume 1 and the 2003 Report – Volume 3 contain our assurance and advice to the Legislative Assembly. These reports help to improve public sector governance, management, and program performance.

Our 2003 Report – Volume 2 focuses on understanding the finances of the Government using several key financial and economic indicators. The report also provides information to allow comparisons of the Government's finances to those of other provinces.

Besides publishing these reports, I note several other accomplishments of the Office during 2004. Our Office had reported that Crown Investments Corporation of Saskatchewan (CIC) and its related entities provided limited information about their spending compared to the rest of government. The Standing Committee on Crown Corporations discussed this matter in

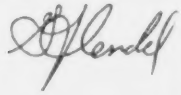
December 2001 and requested more information. In February 2003, CIC and our Office submitted reports to the Committee. In June 2003, the Committee recommended that CIC and its related entities disclose the names of persons who receive money from them and the amounts they receive. This directive is an important improvement to the accountability of Crown corporations.

For many years, our Office reported that the Government's financial performance was difficult to assess. Because the Government's financial plan – the Budget – focused on the General Revenue Fund, it was incomplete. Our 2002 Fall Report Volume 1 proposed a model for a complete Budget.

In October 2002, the Standing Committee on Public Accounts asked the Department of Finance to work with our Office on a model for a complete Budget. Finance consulted with us and prepared a proper model.

On March 31, 2004, the Government presented its complete Budget for the 2004-05 fiscal year. The Budget contained the estimated financial results for the 2004-05 fiscal year and the forecast financial results for the 2003-04 year compared to the plan for that year. This complete Budget is an important step to improve the Government's accountability to the Assembly. It will help legislators and the public understand the Government's financial performance at March 31, 2004 and its planned performance for March 31, 2005.

My Office continues to work closely with the Canadian Council of Legislative Auditors (CCOLA). CCOLA is devoted to sharing information and supporting the continued development of legislative auditing. My Office continues to work with its colleagues on several projects including developing common audit methodology. In this respect, we are working with the legislative auditors of Quebec and Canada to develop common information technology training for legislative auditors.



Fred Wendel, CMA, CA
Provincial Auditor

104-05905/

Context

Independence

The Provincial Auditor Act creates an independent Officer of the Legislative Assembly called the Provincial Auditor. The Act gives the Provincial Auditor the responsibility to audit all government agencies and report the results of the audits to the Legislative Assembly.

The Act ensures that the Provincial Auditor is independent from elected and appointed officials including the Assembly's committees and boards. The Standing Committee on Public Accounts, an all-party committee that does not include cabinet ministers, unanimously recommends the Provincial Auditor for appointment by the Legislative Assembly for a 10-year term. The Act sets the Provincial Auditor's salary and benefits. A resolution of the Legislative Assembly is required to remove the Provincial Auditor from office. The Standing Committee on Public Accounts recommends the resources for the Provincial Auditor's Office. The Provincial Auditor decides which employees to hire, what audit work needs to be done, and how the work is carried out.

The Office's policies require all employees to confirm annually whether they have relationships with the Government that could be perceived to affect their independence and objectivity. Also, generally accepted auditing standards require that the Provincial Auditor confirm his independence and objectivity. Fred Wendel confirms that he is independent and objective with respect to the Government of Saskatchewan within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan.

Who We Serve

The Office of the Provincial Auditor helps the Legislative Assembly hold the Government accountable for how it manages public resources. Our Office examines the Government's management of public resources and reports the findings to the Assembly.

What We Do

Our Vision

We envision effective, open, and accountable government.

Our mission

We serve the people of Saskatchewan through the Legislative Assembly by fostering excellence in public sector management and accountability.

Our mission shapes what we do and how we respond to key economic, political, social, and technological forces affecting those we serve.

How we carry out our mission

To fulfil our mission, we provide independent assurance (audit reports) and advice on the Government's management of and accountability practices for the public resources entrusted to it. We:

- Inform the Legislative Assembly about:

  the reliability of the Government's financial and operational information;
  the Government's compliance with legislative authorities; and
  the adequacy of the Government's management of public resources.

- Encourage discussion and debate about public sector management and accountability issues.

- Help the Standing Committees on Public Accounts and Crown and Central Agencies.

- Develop professionals for public service.

- Support and adhere to the accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants.

Our reports

We report our assurance and advice to the Legislative Assembly and the Government.

At the end of each examination, we prepare a draft report of our conclusions, findings, and recommendations. We discuss the draft with senior officials of the agency to ensure it is accurate and revise the draft when needed. We issue a final report to the Minister responsible, to senior officials of the agency and, if applicable, to the chair of the board of directors. We also send a copy to the Chair and Secretary of Treasury Board and to the Provincial Comptroller.

We provide the Assembly with our conclusions (assurances) on the reliability of the financial statements and other performance reports issued by government agencies.

We also report directly to the Assembly each year. These reports contain the matters that we think are significant to the Assembly and the public. We decide what matters to report using the following questions:

- Does the matter affect the Assembly's ability to control the financial activities of the Government?
- Does the matter affect the Assembly's ability to hold the Government accountable for how it administers public money?
- Does the matter involve improving how the Government administers public money?
- Does the matter involve non-compliance with legislative authorities?

We assess these questions of what to report for specific government sectors, programs, agencies, and for the whole Government.

When an agency's financial statements, compliance with authorities, and processes to safeguard public resources are satisfactory, we also report that information to the Government and the Legislative Assembly.

Outcome of our work and reports

Exhibit 1 on page 7 shows the outcomes of our work.

For our parliamentary system of government to work properly, the system must have the public's confidence. To merit this confidence, the Government's programs must be effective. Also, the Government must be open and accountable to the public.

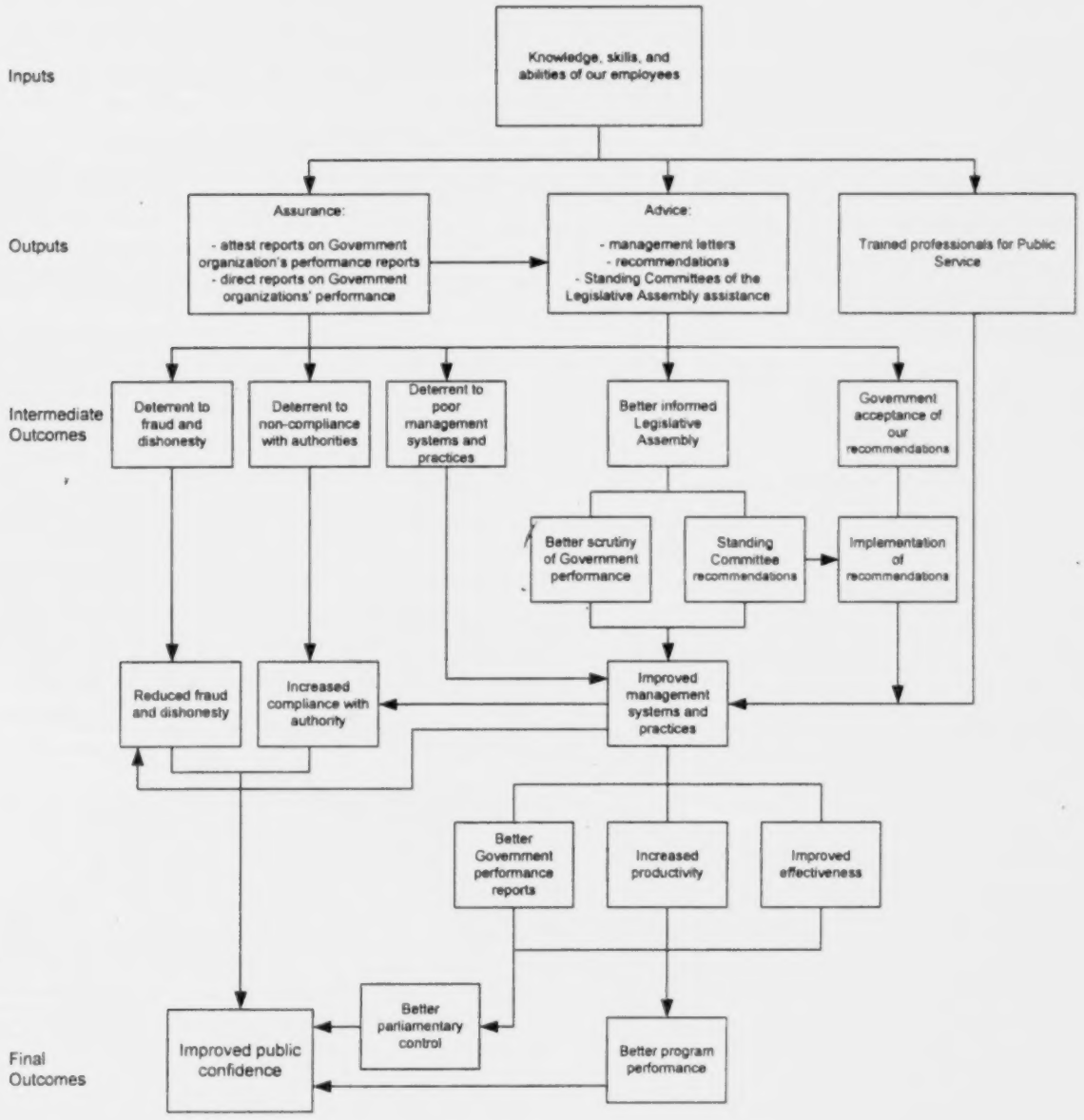
Our work and reports directly affect public confidence in the Government. They provide the public with confidence that the Government's financial and other reports are reliable, the Government uses adequate processes to safeguard public resources, and the Government has complied with governing authorities.

One important responsibility of the Legislative Assembly is to hold the Government accountable for the management of public resources. By providing relevant, reliable, and timely reports, we help the Assembly to carry out this responsibility.

Our work and reports call for public accountability for government operations and sound management. They contribute to informed decision making in government and business-like processes. This helps the Government carry out its responsibility to use sound management practices.

What We Do and the Impact of Our Work

Exhibit 1



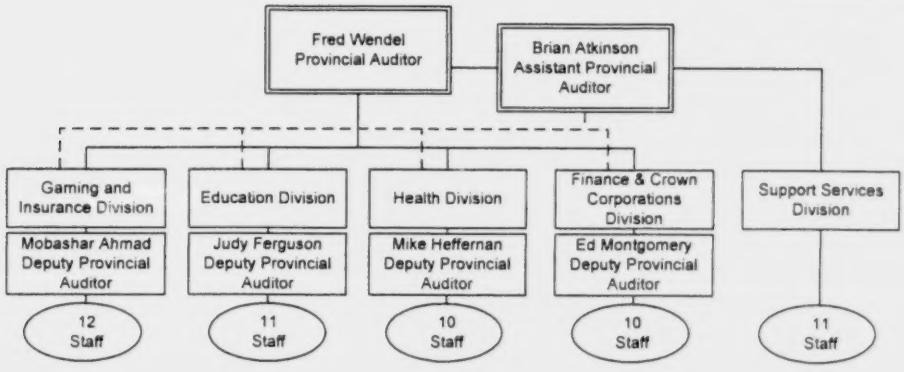
Our competencies

Our knowledge, skills, and abilities affect what we do for the public, the Legislative Assembly, and the Government. We apply the following competencies and experience to our work and reports:

- objectivity, because of our full independence from the Executive Government;
- thorough knowledge of the:
  complex structure and systems the Government uses to manage public resources;
  structure of legislative authorities governing the activities of government agencies related to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing;
  audit of information systems; and
  accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants;
- working knowledge of the issues facing government agencies operating in diverse types of businesses including education, health, insurance, protection of people and property, pension and benefit plans, energy, telecommunications, gaming, transportation, renewable resources, human resources, construction, and financial services; and
- a business view derived from rigorous professional training that we blend with our practical knowledge of public administration.

Our Organization

Exhibit 2



As shown in Exhibit 2, our Office is organized into five divisions. Each division has a distinct focus.

Our Gaming and Insurance Division's responsibilities include examining the Government's gaming, insurance, pension, and resource management programs. The Government earns over $1 billion annually from non-renewable resources. Also, the Government's pension liabilities total over $7 billion. Pension and insurance liabilities require our staff to have special knowledge to understand the methods used by actuaries and the accounting practices in these industries. Gaming operations (e.g., casinos, video lottery terminals) and resource management also require our staff to have special knowledge to understand the unique risks in these industries.

Our Education Division's responsibilities include examining the Government's education, skills training, labour, municipal, aboriginal, and infrastructure programs. The learning sector (e.g., kindergarten to grade 12, universities, SIAST, and regional colleges) spends over $1.9 billion annually. Also, the Government has over $10 billion invested in infrastructure.

Our Health Division's responsibilities include examining the Government's health, justice, and welfare programs. Public spending on health for the year ended March 31, 2003 was $2.6 billion. Also, the Division coordinates our work to encourage the Government's efforts in moving to a public accountability system focused on results.

Our Finance and Crown Corporations Division's responsibilities include examining the Government's programs carried out through the Department of Finance and the Crown Investments Corporation of Saskatchewan. These programs are complex and affect almost all aspects of the Government. The Division is also responsible for our government-wide information technology audits.

Our Support Services Division's responsibilities include administration, human resources, research, methodology, training, secretarial, clerical, and information technology.

At March 31, 2004, our Office employed 60 people. Twenty-seven of our employees are professional accountants. Twenty are training to become professional accountants.

We have the services of a health professional, a lawyer, and a librarian. The skills, experience, and perspectives of these professionals are valuable as we continue to examine broader and more in-depth issues.

Our employees are our most valuable resource because "what we do" depends on their knowledge and skills. Creating and maintaining an environment that encourages and rewards ongoing learning is crucial to our success.

What We Planned To Do

Our goals and objectives

We have three goals:

- Foster well-managed Government.
- Encourage meaningful reporting by Government.
- Manage our business effectively.

Exhibit 3 sets out our goals and objectives. On pages 71 to 87, we set out a summary of our strategic plan for 2004 to 2007 including our goals, objectives, general strategies, and action plans.

Exhibit 3—Our Goals and Objectives

Goal 1 – Foster well-managed Government

Objectives:

1.1 Our stakeholders value our assurance and advice to strengthen the Government's accountability to the Assembly.

1.2 Our stakeholders value our assurance and advice to strengthen the Government's processes to achieve intended results.

Goal 2 – Encourage meaningful reporting by Government

Objectives:

2.1 The Government provides an overall plan and results to the Assembly.

2.2 Government agencies report their plans and results to the Assembly.

2.3 The Assembly receives our timely assurance on the Government's reports on plans and results (financial and non-financial information).

Goal 3 – Manage our business effectively

Objectives:

3.1 Our stakeholders understand and value what we do.

3.2 We are leaders in key areas of legislative auditing.

3.3 We continuously improve our work.

3.4 We maintain a positive and healthy work environment.

Our Guiding Principles

Our Office is committed to earning the respect and confidence of legislators, the public, government officials, and our professional colleagues. Our guiding principles help us meet this purpose. The following principles guide us:

Accountability – We take responsibility for achieving positive results and explaining our actions.

Balance – We support the balance between work, home, and community responsibilities.

Independence – We maintain objectivity in all our work.

Innovation – We seek better ways to achieve results by fostering continuous learning.

Integrity – We work in a professional, honest, courteous, and equitable manner.

Leadership – We support strong leadership and teamwork with clear and open communication.

Factors affecting our work plan

Annually, we provide a detailed work plan to the Assembly. The work plan reflects our goals, guiding principles, and several other key factors.

Our work plans ensure we fulfill our responsibilities under *The Provincial Auditor Act*. The Act sets out the agencies we must examine.

We prepare our work plan in September for the next fiscal year. When we prepare the plan, it reflects known information about:

- the Government's revenue and spending;
- the number of government agencies;
- the quality of the Government's records, systems, and practices;
- the Government's use of appointed auditors;
- professional standards;

- the co-operation we expect to receive from government officials and appointed auditors when we do our work; and
- the public's expectations.

Forces and trends affecting our work plan

Forces and trends also affect our work plans. Five major forces and trends affect our stakeholders (i.e., legislators, the public, and government officials). They also shape our work.

Advancing technology – making possible new ways of communicating and providing services, quicker and often at less cost, but requiring attention to security and loss of privacy.

Changing demographics – a growing Aboriginal population, an aging population, and the depopulation of rural Saskatchewan.

Economic constraints – increasing demand for government services and continued demand for lower taxes.

Globalization – an increasingly integrated and interdependent world with strong international competition.

Pressure on the environment – the sustainability of our environment balanced with the need for economic activity.

These forces and trends have increased the public's expectations. For example, current technology gives the public more accessible information and knowledge about services and taxes in other jurisdictions. Changes in demographics will result in increased demands for services (e.g., health care). The Government's ability to manage scarce public resources and meet the public's increased expectations impacts public attitude.

In Saskatchewan, these forces and trends are straining public resources. They cause stakeholders to re-examine the role of the Government, that is, how it organizes and delivers programs and services, and how it ensures adequate participation in decision making.

Our focus

We focus our efforts on helping legislators, government officials, and the public address the challenges emerging from these forces and trends. We encourage the Government to address the following challenges:

- Report on how it manages the risks related to advancing technology, changing demographics, economic constraints, globalization, and pressure on the environment;
- Report on how it manages the risks related to the public's valuable infrastructure for effective service delivery including information technology;
- Strengthen its management of and accountability for intergovernmental and interagency programs;
- Improve the quality of information provided to legislators on the plans and performance of the Government and each of its agencies including Crown corporations; and
- Use sound human resource plans to support an effective public sector work force.

Indicators of Success

We gauge our success by monitoring seven general indicators. These indicators relate to key outcomes that we plan to achieve through accomplishing our goals and objectives.

1. Our stakeholders value our assurance and advice. (goal 1, objectives 1 & 2)

- The Government acts on 80% of those recommendations that are more than one year old and do not involve major changes.
- The Government acts on 80% of those recommendations that are more than five years old and involve major changes.
- The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations that they consider.

2. The Government and its agencies report their plans and results to the Assembly. (goal 2, objectives 1 & 2)

- The Government publicly reports its overall business and financial plan for the 2004-05 fiscal year.
- By 2007, 70% of significant government agencies publicly report their financial and operating results compared to their targets including information on their key risks and how they manage those risks.

3. The Assembly receives our timely assurance on the Government's reports on plans and results (financial and non-financial). (goal 2, objectives 1, 2, & 3)

- By 2007, 50% of significant government agencies include our audit reports on control and legislative compliance in their public reports.
- By 2007, 50% of those significant government agencies that receive our audit reports on the reliability of their key non-financial performance information include those reports in their public reports.
- Our work is reported by established deadlines and within the planned costs set out in our Business & Financial Plan.

4. Our stakeholders understand and value what we do. (goal 3, objective 1)

- The Government acts on 80% of those recommendations that are more than one year old and do not involve major changes.
- The Government acts on 80% of those recommendations that are more than five years old and involve major changes.
- The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations that they consider.
- Our work is reported by established deadlines and within the planned costs set out in our Business & Financial Plan.
- Post audit questionnaires show a positive trend in satisfaction with our work.
- Our auditor reports publicly and positively on our performance (e.g., our financial statements, our compliance with The Provincial Auditor Act, the adequacy of our management systems and practices, and the reliability of one of our key non-financial performance indicators per year).

5. We are leaders in key areas of legislative auditing. (goal 3, objective 2)

- By 2007, 50% of significant government agencies include our audit reports on control and legislative compliance in their public reports.
- *Our auditor reports publicly and positively on our performance* (e.g., our financial statements, our compliance with The Provincial Auditor Act, the adequacy of our management systems and practices, and the reliability of one of our key non-financial performance indicators per year).

6. We continuously improve our work. (goal 3, objective 3)

- Our staff resources are used as set out in our Business and Financial Plan.
- Post audit questionnaires show a positive trend in satisfaction with our work.
- Our pass rates for students in professional accounting programs exceed national averages each year.
- Positive reports on our work from the Institute of Chartered Accountants of Saskatchewan.
- Our work is reported by established deadlines and within the planned costs set out in our Business & Financial Plan.
- The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations that they consider.

7. We maintain a positive healthy work environment. (goal 3, objective 4)

- Our corporate culture surveys show a positive trend in our working environment.

Risk Management

Our key risks

Sound risk management is essential for us to help the Legislative Assembly hold the Government accountable for its management of public resources. To manage risk, we must identify, assess, and reduce to an acceptable level the possible adverse consequences that the Office may experience from events or circumstances.

We routinely identify and assess our risks. We have established processes to reduce the likelihood that our risks will have adverse consequences on our ability to carry out our responsibilities under *The Provincial Auditor Act*. We accept some risk because it is not cost effective to cut out all risks. The following are our key risks along with the key processes we use to reduce these risks to an acceptable level.

Our stakeholders do not support our goals and objectives. For the Office to remain viable, legislators, the public, and government officials (our stakeholders) should support our goals and objectives. Pursuing our goals and objectives must result in relevant assurance (audit reports) and advice for our stakeholders. As discussed more fully in the risks that follow, we have established processes so that we set goals and objectives that will result in relevant assurance and advice for our stakeholders.

The Government does not act on our recommendations. Doing independent, reliable, and relevant work at a reasonable cost is vital to our Office's success. These attributes are also essential for our stakeholders to value our advice. We must understand the challenges that the Government faces. Also, our advice must help improve program performance. In the risks that follow, we set out the processes that we use so that our assurance and advice is independent, relevant, reliable, and cost effective.

We do not adequately understand or respond to the challenges and risks faced by our stakeholders. If our assurance and advice is to be reliable, we must understand the challenges and risks faced by the Government. How the Government manages its risks affects the nature and extent of work we must do to report to the Assembly.

We must also understand the challenges and risks faced by legislators and the public if our assurance and advice is to be relevant. To be relevant, our assurance and advice should result in better parliamentary control over government activities and better program performance.

On pages 71 to 87, we set out a summary of our strategic plan that enables us to understand the challenges and risks faced by the Government, legislators, and the public.

The Standing Committees on Public Accounts and Crown and Central Agencies are unable to fulfill their responsibilities. Our Office must provide assurance and advice that is consistent with their objectives.

The Standing Committee on Public Accounts is the audit committee for the Legislative Assembly. The Committee is a key agent of change for improving the Government's management of public resources. The Committee's mandate is to help the Assembly hold the Government accountable for its spending of taxpayers' money and for its stewardship over public resources. The Committee reviews, examines, and evaluates the activities of government departments and Crown agencies. The Committee works with the Provincial Auditor to carry out the Committee's mandate.

The Standing Committee on Crown and Central Agencies helps the Legislative Assembly to hold the Government accountable for its management of public resources. The Committee considers matters relating to the Crown Investments Corporation of Saskatchewan and its subsidiaries, supply and services, central agencies, liquor, gaming, and all other revenue related agencies and entities. Beginning in 2001, the Assembly referred the parts of our reports that relate to the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries to the Committee for review. During those reviews, the Committee works with the Provincial Auditor to carry out the Committee's mandate.

Our Office must provide independent, relevant, and reliable information that is consistent with the Committees' objectives. To do this, our Office works closely with the Committees. Also, the Office provides the Assembly with an annual business and financial plan and an annual report on operations. The Standing Committee on Public Accounts reviews and provides its advice on these reports.

We lose or stakeholders perceive that we have lost our independence. *The Provincial Auditor Act* makes our Office responsible to examine all public resources managed by the Government (e.g., departments, boards, corporations) and the Legislative Assembly (e.g., Board of Internal Economy).

The Act makes our Office independent of appointed and elected officials so that we can administer the Act without fear of reprisal.

The Act defines the agencies that the Office must examine. The Office decides what work needs to be done and how the work is carried out for the proper administration of the Act.

We guard our independence and report to the Assembly when we are concerned about our independence. Also, the Office has processes to maintain objectivity and independence in our work for the Legislative Assembly.

We provide inappropriate or incorrect assurance and advice. Stakeholders must trust and value our assurance (audit reports) and advice. Gaining and keeping their trust is essential to the viability of the Office. On pages 71 to 87, we set out our goals, objectives, general strategies, and action plans to ensure that our assurance and advice are reliable.

Also, in the next section (why systems and practices are important), we describe our quality control systems and practices to ensure that our work is reliable. Those systems and practices reduce our risk to an acceptable level. But, we recognize systems and practices sometimes fail because of factors such as procedural failures and human error.

We do not have the required competencies and resources. The quality of our work is dependent on the knowledge, skills, and abilities of our employees. We have training programs to ensure that our employees have the special competencies we discuss on page 8.

To discharge our statutory responsibilities, we need enough resources to employ the required competent people. We also need enough resources to equip, support, and house our employees. We need the support of legislators to get the required resources. To get this support, we have established controls to ensure that our work is relevant to legislators and

reliable. Also, we publish a business and financial plan annually to build legislators' support for our request for resources. When we do not have enough resources to pay for the cost of our work force, we reduce the size of our staff. When this happens, we do not do all the work the law requires us to do and we advise our stakeholders.

We do not manage our resources effectively. Our management practices must promote the effective use of our resources. We have established processes to keep this risk at a minimum. These processes include such things as setting direction, setting performance targets, monitoring our guiding principles, training staff, segregating duties, maintaining procedural manuals, delegating authority, processing transactions, reporting, and monitoring results.

Why systems and practices are important

Strong systems and practices ensure we have proper controls to manage the risks that might prevent our Office from achieving our goals including sound financial management. The following briefly describes those systems and practices.

Systems and practices for achieving Goals 1 and 2

For the risks associated with Goal 1 (foster well-managed government) and Goal 2 (encourage meaningful reporting by government), we need systems and practices to ensure the quality of our work; identify and report opportunities for improving government agencies' performance reports and their management processes; and ensure that our work covers all government agencies.

Quality

The following systems and practices affect the quality of our assurances (audit reports) and advice.

We use standard methods for carrying out our work and continually change the methods to reflect best practice. The methods cover how we plan, execute, supervise, and report our work. We monitor all our work to know that it meets our standard methods. Aiso, we have procedures for working with other auditors who audit government agencies.

We have hiring and training policies to help staff have the knowledge, skills, and abilities needed to do their work. These policies also help us broaden our staff's skills in key sectors (e.g., health, education, and social services), information technology, and general management.

We maintain our objectivity and independence in all our work. We routinely ask our staff to know that they comply with our objectivity and independence standards. Also, the Office surveys staff to ensure that we use our guiding principles in all decisions and actions.

Relevant work

The following systems and practices help us encourage the Government to improve its performance information and its processes to achieve intended results (management).

Our Office publishes its strategic plan that includes its goals, objectives, general strategies, and action plans. The strategic plan is the foundation for our annual business and financial plans. Our processes require us to review the internal and external environment to assess whether changes are required. This helps our Office direct its efforts toward relevant issues.

Our personnel policies ensure that our employees align their activities with our goals and objectives. Each employee's annual work plan shows how the employee will contribute to achieving our goals and objectives. We continually monitor our employees' work plans.

We have established standards that require us to report to agencies in writing our conclusions, findings, and recommendations after each audit. Those standards also require us to meet with agencies to discuss the findings and gain support for our recommendations. Also, we monitor management's satisfaction with our work. We also continuously seek advice from stakeholders when we work with appointed auditors.

Scope of our work

The following practices ensure that our work covers all government agencies.

The Legislative Assembly, Cabinet, and government agencies create or windup other government agencies. We monitor their actions and continually change our list of government agencies.

We prepare an annual work plan for the Office that covers all government agencies. We use a risk-based model to focus our work. We estimate the costs of carrying out the plan and ask the Assembly for the money to carry out the plan.

Systems and practices for achieving Goal 3

For the risks associated with Goal 3 (manage our business effectively), we need systems and practices to ensure that our stakeholders understand and value our work. We also need processes to ensure that our work is relevant, reliable, timely, and done at a reasonable cost. They help us improve our performance.

Stakeholders understand and value our work

The following processes help us communicate to our stakeholders who we are, our plans, and the results of our work.

We have processes to prepare reliable plans and performance reports. These documents convey vital information about our Office. We also have processes to make these documents accessible to legislators, the public, and government officials. And, we seek and monitor the views of our stakeholders on our plans and performance.

We have processes to report our assurance and advice to the Legislative Assembly and our other stakeholders in a clear, accessible, and timely manner. We monitor legislators' and the Government's acceptance of our recommendations. We also monitor the use of our reports by legislators, legislative committees, and the media.

Quality at reasonable cost

The following systems and practices affect the quality and cost of our services.

For Goals 1 and 2, we established systems and practices to ensure the quality and relevance of our work. These processes include identifying

best practices. We continually compare the way we do our work with private sector auditors and other legislative auditors.

We have established systems and practices for the sound financial management of our assets. Our auditor reports publicly that our management systems and practices are adequate (see page 68).

We have established processes so that we report our work by established deadlines and within the planned costs set out in our business and financial plan. We forecast the cost of each audit and monitor the cost. We compare planned to actual costs, and we explain and act on differences. We also routinely compare our costs with private sector auditors' costs to audit government agencies.

We plan the use of our employees' time and monitor our employees' use of time. We compare planned to actual results, and we explain and act on differences.

Also, because the quality and cost of our work is directly related to our employees, we monitor our employees' views of our working environment.

Performance

What We Have Done

Background for measuring our performance

We have three basic outputs (services). See Exhibit 1 on page 7. These are assurance (audit reports), advice (recommendations), and trained professionals for public service. Our advice is a by-product of our assurance work. We deliver our services in several ways.

We provide assurance and advice to government officials. We provide assurance by way of reports on the reliability of financial statements, compliance with authorities, and the adequacy of management systems and practices. We provide advice and assurance by way of letters to management setting out our conclusions, findings, and recommendations for improvement.

We also provide assurance and advice to the Legislative Assembly and the public in our reports to the Assembly. These reports summarize our work at government agencies. They provide assurance and advice on the Government, sectors of the Government, and on each government agency's financial statements, its compliance with authorities, and the adequacy of its management systems and practices.

As shown in Exhibit 1 (page 7), our assurance and advice result in two final outcomes. These outcomes are improved public confidence in government and improved performance in the delivery of government programs. We think the Government can gain improved public confidence by improving its performance reports (i.e., business and financial plans and annual reports). We also think the Government can improve the delivery of its programs by acting on our recommendations.

Our trained professionals leave our Office to work in the public service. They contribute to improved management systems and practices in those agencies. During the year ended March 31, 2004, three of the seven employees who left the Office continue to work in public service positions.

Our major input cost to produce our products is salaries and benefits. Salaries and benefits account for nearly 80% of our spending. We monitor and report publicly on the use of staff time.

Reporting publicly on our performance

Our target is to provide the Assembly with our business and financial plans and our annual reports on operations as required by *The Provincial Auditor Act*.

During the year, we provided the Assembly with our *Annual Report on Operations for the year ended March 31, 2003* and our *Business and Financial Plan for the year ending March 31, 2005* as required by the Act. These reports are available on our web site.

Measuring our performance

We measure our success in achieving our goals and objectives by monitoring our performance targets for each of our seven general indicators. We set out our "Indicators of Success" on pages 13 to 15.

The following discussion and exhibits provide a report card on our performance. We set out our actual and target performance by goal for each of our performance indicators.

Goal 1: Foster well-managed government

We measure our success in fostering well-managed government based on the Government's and the Assembly's acceptance of our recommendations.

For 2004, we had our results for the performance targets for Goal 1 audited. Our auditor reported that the performance information for Goal 1 is reliable. We include the auditor's report and the schedule on pages 62 to 64.

Government's acceptance of our recommendations

We group our recommendations to the Legislative Assembly for improving the Government's performance reports and the Government's delivery of its programs into two types. Type 1 recommendations are easier to carry out. Our performance target is that the Government will act on 80% of Type 1 recommendations that are more than one year old.

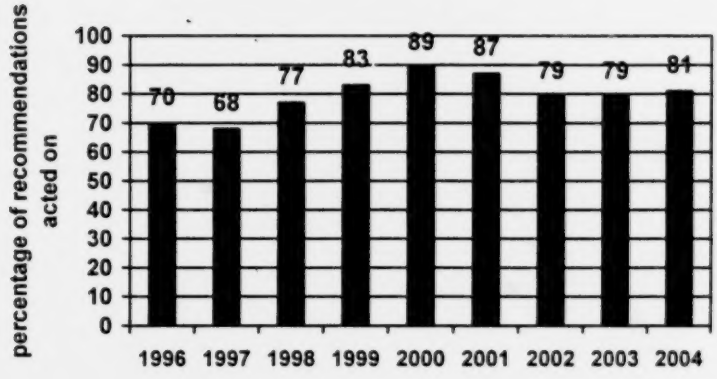
Type 2 recommendations are more difficult to carry out. Our performance target is that the Government will act on 80% of Type 2 recommendations that are more than five years old.

We track our Type 1 recommendations over a five-year period. From April 1999 to March 2004, we made 168 Type 1 recommendations. Of those recommendations, 35 are less than one year old.

For 2004, Exhibit 4 shows that the Government acted on 81% of the Type 1 recommendations that are more than one year old. In 2004, we achieved our target that the Government acts on 80% of our Type 1 recommendations that are more than one year old.

Exhibit 4

Percentage of Total Type 1 Recommendations More Than One Year Old Acted on by the Government

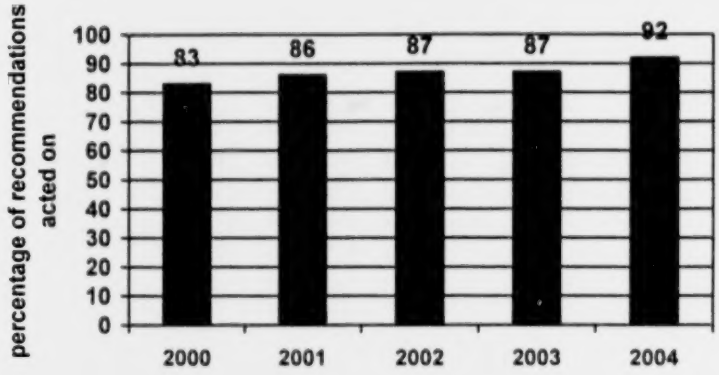


We track our Type 2 recommendations over a ten-year period. From April 1994 to March 2004, we made 266 Type 2 recommendations. Of those recommendations, 123 are less than five years old.

For 2004, Exhibit 5 shows that the Government acted on 92% of the Type 2 recommendations that are more than five years old. We began tracking these recommendations in April 1994. This is the fifth year that we have data to compare to our target. We have achieved our target that the Government acts on 80% of our Type 2 recommendations that are more than five years old.

Exhibit 5

Percentage of Total Type 2 Recommendations More Than Five Years Old Acted on by the Government



Assembly's acceptance of our recommendations

The Legislative Assembly refers our reports to the Standing Committees on Public Accounts and Crown and Central Agencies. The work of these Committees is needed for our Office to help improve accountability and the delivery of government programs. Our performance target is that the Committees, and thus the Assembly, will agree with 90% of our recommendations.

We track our recommendations to the Assembly for improving the Government's performance reports and the Government's delivery of its programs over a five-year period. During the five-year period ending March 31, 2004, we made 329 recommendations and the Committees reported to the Assembly on 182 of these recommendations.

The Committees have not reported to the Assembly on all our recommendations. The Committees decided not to consider 34 of the recommendations in our reports because we told the Committees that the Government had already satisfactorily acted on those recommendations.

The Committees met frequently during the year ended March 31, 2004. The Committees have not yet completed their review of the 113 recommendations in the following reports:

- 2001 Fall Report – Volume 2 (one chapter outstanding);

- 2002 Fall Report – Volume 2 (eight chapters outstanding); and
- 2003 Report – Volumes 1, 2, and 3

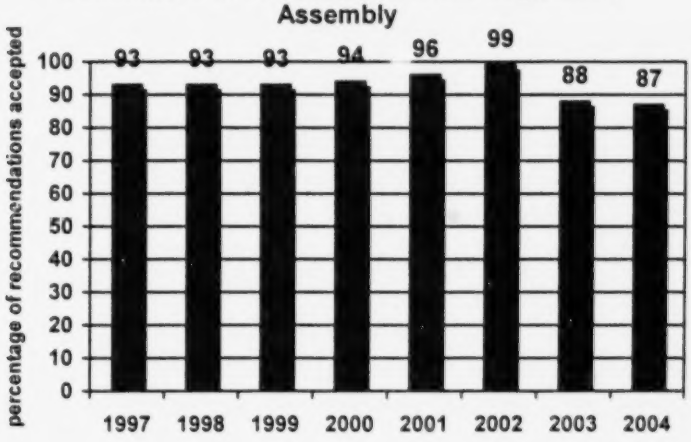
We measure our success based on the Committees' acceptance of our recommendations that they consider and report on to the Assembly. Our performance target is to have the Committees accept 90% of our recommendations.

For 2004, Exhibit 6 shows that the Committees accepted, or partly accepted, 87% of our recommendations that they have reported on to the Assembly. The exhibit shows that we have achieved our target in six of the past eight years. In 2004, we did not achieve our target that the Committees accept 90% of our recommendations.

For 2004, the Committees did not accept 24 (13%) of our recommendations. Of those, the Committees deferred their decisions on 11 (6%) or our recommendations because of requests for further information.

Exhibit 6

Percentage of our Recommendations Considered and Accepted or Partially Accepted by Legislative Committees in their Reports to the Legislative Assembly



Goal 2: Encourage meaningful reporting by Government

We measure our performance based on the quality and extent of the Government's public reporting of its planned and actual results. We also

measure our performance based on the extent that we provide the Assembly with timely assurance on the Government's reports.

Quality and extent of reports

Meaningful performance reports include reports on the activities of government and reports on the activities of significant agencies. We measure our success using two indicators:

- For the 2004-05 fiscal year, we expected the Government to publicly report its overall business and financial plan.

- By 2007, we expect 70% of significant government agencies to report publicly their financial and operating results compared to their targets including how they manage their key risks.

For the first indicator, we achieved our target. The Government issued a complete financial plan – the Budget – for the 2004-05 fiscal year. The Government also published the 2004-05 performance plans for all departments and three Treasury Board corporations. We commend the Government for taking these two important steps to improve accountability.

For the second indicator, we plan to review the 2006 annual reports of all significant agencies. We will report the results in our 2007 report on operations. During 2004, we encouraged agencies to continue to publish their financial and operating results compared to their targets. We also encouraged agencies to continue to set out information on how they managed their key risks.

Timely assurance on reports

To have confidence in reported information, legislators and the public need timely assurance that the government reports are reliable. In this regard, we measure our success using three indicators:

- By 2007, we expect that 50% of significant agencies will include our audit reports on control and legislative compliance in their public reports.

- By 2007, we expect 50% of those significant agencies that receive our audit reports on the reliability of their key non-financial performance information will include those reports in their public reports.

- We expect to report our work by established deadlines and within the planned costs set out in our business and financial plans.

For all government agencies, we report on the adequacy of their processes to safeguard public resources, prepare reliable financial reports, and comply with the law. These types of assurances (audit reports) are important to legislators and the public. For the first indicator, we plan to review the 2006 annual reports of all significant agencies. We expect 50% of the annual reports will include our auditor's reports. We will report the results in our 2007 report on operations.

In 2004, we began to encourage management to include our auditor's reports in their public reports. To show leadership, this report includes our auditor's reports on the adequacy of our management processes and compliance with the law.

For the second indicator, for those agencies that we audit their key non-financial performance information, we plan to review their 2006 annual reports. We expect 50% of the annual reports will include our auditor's report. We will report the results in our 2007 report on operations.

During 2004, we audited Information Services Corporation's (ISC) Balanced Scorecard report. ISC uses the "Balanced Scorecard" framework to report on its financial and non-financial performance. The framework includes their performance measures, expected results, and results. This is the first time that a Saskatchewan Crown corporation has had its Balanced Scorecard report audited. We encourage other agencies to follow ISC's leadership.

The third indicator is that we expect to complete our work by established dates and within the costs set our in our business and financial plans. We describe our 2004 results below.

Goal 3: Manage our business effectively

We measure our success in managing our business effectively based on the relevance, quality, cost, and timely completion of our work. We also

assess our working environment and the reliability of our management processes and our public reports.

The following discussion and exhibits report our performance compared with our planned performance.

Quality of our work

We use three indicators for measuring our success in producing quality products for the Assembly. Our work needs to comply with professional standards, legislative committees need to be satisfied with our advice, and government agencies need to be satisfied with our work.

The Institute of Chartered Accountants of Saskatchewan periodically inspects our Office to ensure that we comply with professional standards. We expect that the Institute will report positively on our work. On pages 65 and 66, we include the Institute's inspection report. The report says that our work complies with professional standards.

During 2004, we participated in the CCOLA Inter-jurisdictional Peer Review Process. The Office of the Auditor General of Alberta reviewed two of our audits that focus on the adequacy of the Government's management of public resources. The objective of the review was to determine whether our assurance work complies with the standards of The Canadian Institute of Chartered Accountants (CICA). Their report is included on page 67. The report says that our work complies with professional standards.

To measure the Committees' satisfaction with our advice (relevance), we monitor the Committees' acceptance of our recommendations. We report on pages 26 to 27 that the Committees accepted 87% of our recommendations in its reports to the Assembly. Although this does not meet our target of 90%, we continue to think our work is relevant. We discuss the reasons we have not met our target on pages 26 to 27.

We want government agencies to be satisfied with our work. Our performance target is for survey results to show a positive trend in satisfaction with our work.

This year is the sixth year that we surveyed government agencies about their satisfaction with our work. The work was related to our examinations

of agencies during our fiscal years ended March 31, 2000 to March 31, 2004.

We sent 252 surveys to agencies and received 116 responses. We asked the agencies to tell us their satisfaction with our work as it relates to the following four areas:

- our planned work for the agency met its needs and that we carried out our work according to the plan (responsiveness);
- our employees were knowledgeable and carried out their work professionally and courteously (professionalism);
- our reports to the agency's Minister were understandable, fair, and accurate (reports); and
- our recommendations to the agency were feasible and result in proper management of public resources and accountability (recommendations).

Exhibit 7

Criteria	2000	2001	2002	2003	2004
Responsiveness	satisfied	very satisfied	very satisfied	very satisfied	very satisfied
Professionalism	very satisfied	very satisfied	very satisfied	very satisfied	very satisfied
Reports	very satisfied	very satisfied	very satisfied	very satisfied	very satisfied
Recommendations	satisfied	satisfied	satisfied	very satisfied	very satisfied

As set out in Exhibit 7, agencies are satisfied with our performance. Although we are pleased with the results for the 46% of the surveys that were returned, we are concerned that we do not know the level of satisfaction for the other 54%. We will continue to encourage agencies to respond.

Completion of our work

We measure our success in achieving goals 2 and 3 by completing the work that is set out in our business and financial plan by established deadlines.

We completed most of the work set out in our 2004 *Business and Financial Plan*. We completed our 2003 Report – Volumes 1, 2, and 3 to the Legislative Assembly. We also reported our audit conclusions, findings, and recommendations to each government agency.

We could not complete some of the work set out in our 2004 *Business and Financial Plan*. We could not complete some of the work because of delays in receiving information from some government agencies.

We continue to be concerned about the timeliness of our reports to government agencies. When our work is late, government agencies have difficulty meeting their established deadlines. Also, they do not have the benefit of our advice to improve to their management systems and practices.

During the year ended March 31, 2004, we tracked the timeliness of our reports to government agencies. The planned dates are the dates that we agreed to provide our reports to government agencies. The reports include our assurance on the financial statements of government agencies and our advice on improving the agencies' management systems and practices.

We provided 76% of our reports to government agencies by the agreed on dates (2003 – 78%). As mentioned above, our survey of government agencies show that agencies are very satisfied with our work as it relates to responsiveness. We continue to work on improving our performance in this area.

Costs of our work

Our performance indicator for the costs of our work is the planned costs set out in our 2004 *Business and Financial Plan*. Our performance target is to complete the work within the planned costs.

Pages 50 to 54 show our actual costs for examining government agencies for years ending in the period January 1, 2003 to December 31, 2003 compared with our planned costs. We had the actual cost information audited. On page 49, our auditor reported that the information is reliable.

We completed most of our work within our planned costs. We explain significant differences between planned and actual costs on pages 59 and 60.

Our efficiency in the use of our resources

We use two performance indicators for our efficiency in using our resources. We want to show that we are finding better ways to do our work. These indicators are our request for resources from the Assembly and how we manage our largest cost – salaries.

Each year, we prepare a detailed work plan to carry out our responsibilities under *The Provincial Auditor Act* and a forecast of the cost of that plan (see pages 50 to 51). For Exhibit 8, our request for resources is the forecast cost of our plan.

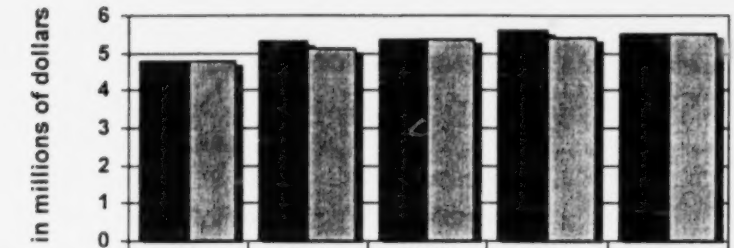
In our business plans for 2001 to 2005, we stated that we would absorb inflationary increases except for general salary and benefit increases that the Government gives to public servants. These targets do not include the net costs to audit agencies the Government creates or winds up.

Each year, the Government adds new government agencies that increase our workload and winds up government agencies that reduce our workload. These changes to our workload affect our costs. Our business and financial plans provide lists of the new and wound up government agencies and their impact on our costs.

Exhibit 8 shows our targets and actual requests for resources for the last five years. The exhibit shows our actual requests were lower than our target each year except for 2001. In 2001, our request was about $20,000 more than our target and included some market adjustments for salaries.

Exhibit 8

Target and Actual Request for Resources to carry out our work



	2001	2002	2003	2004	2005
Target	4.78	5.34	5.38	5.59	5.5
Request	4.8	5.14	5.38	5.4	5.5

To manage our largest cost (salaries) we expect to use our employees' time according to our planned times set out in our 2004 *Business and Financial Plan*.

Pages 56 to 58 show the actual use of our employee's time compared with our planned use. The actual information for 2002, 2003, and 2004 is audited. Our auditor reported on page 55 that the information is reliable. For the most part, during 2004 we used our employees' time as planned. On page 61, we explain significant differences between planned and actual time.

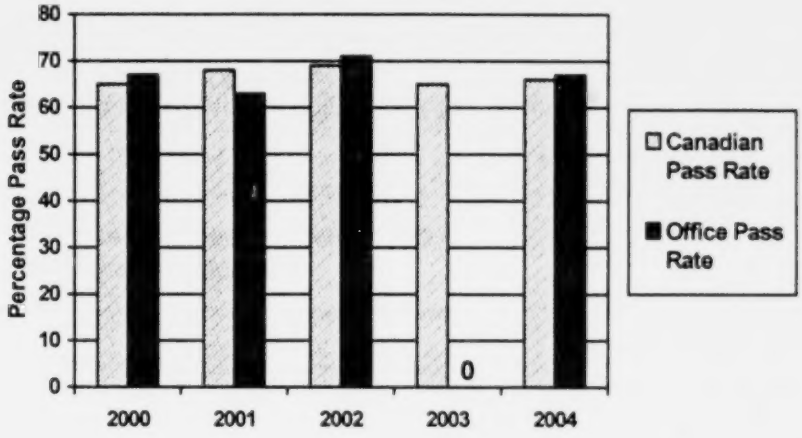
Developing trained professionals

We are a training office for people who want to become professional accountants. One of our measures of success is the number of employees who pass the uniform final examinations to become Chartered Accountants. Our performance target is to exceed the national pass rate.

Exhibit 9 shows the percentage of our employees who passed the uniform final examinations for each of the last five years compared to the Canadian pass rate for each of the last five years.

Exhibit 9

Camparison of the Provincial Auditor's Office Pass Rate to the Canadian Pass Rate



The exhibit shows our pass rate exceeds the national pass rate for three of the last five years.

In 2003, as a result of changes to the educational process for training chartered accountants, we did not have any new candidates for the 2002 uniform final examination. Our two students who were re-writing the exam were not successful.

Also, we train staff who want to become Certified Management Accountants (CMA) or Certified General Accountants (CGA). Although we do not have any CGA students, two of our CMA students completed their professional program in 2004.

Employees' satisfaction with their working environment

We want to ensure our employees are satisfied with their working environment. We survey employees on satisfaction annually. The current survey provides employees an opportunity to express their level of satisfaction with 13 key indicators of the Office's working environment.

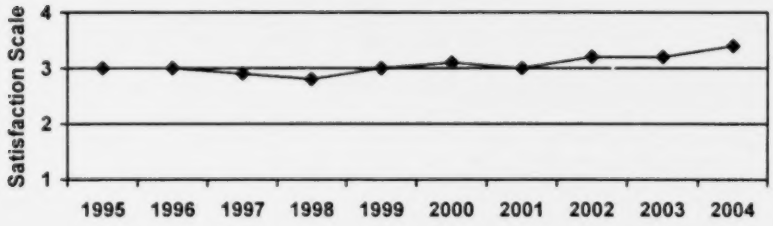
We have surveyed employees for 11 years. For 2004, 65% of staff responded to the survey (2003 - 79%). The survey results continue to show a positive level of satisfaction with the Office's working environment. Our current survey uses a rating scale of one through four where four is the most positive response. This year, the survey results had an average

response of four for six of the indicators and an average response of three for seven of the indicators.

Exhibit 10 shows the 10 year trend for the average response for all indicators. Our performance target is to have a positive trend with employees' satisfaction with their working environment. The exhibit shows employee satisfaction has increased slightly over the past three years.

Exhibit 10

Cumulative Average Response for all Indicators of Employee Satisfaction



Our stakeholders need assurance on our performance

The Assembly requires an audit of our Office. The auditor has the same audit responsibilities as our Office. We use the auditor's reports on our Office as key indicators of our success. Our performance target is that our auditor reports positively on the reliability of our financial statements, our compliance with *The Provincial Auditor Act*, on the adequacy of our management systems and practices, and on the reliability of one of our key non-financial indicators.

In this report, we provide the Assembly with our auditor's reports. On pages 40, 68, and 69 our auditor reports that our financial statements are reliable, we complied with the Act, and we had adequate management systems and practices. Also, on page 62, our auditor reports that our performance information for Goal 1 is reliable. On page 70, our auditor reports that besides the other reports they have issued, there are no significant matters to report to the Assembly.

Financial Highlights

Discussion and analysis of our financial affairs

This discussion and analysis should be read with our audited financial statements on pages 41 to 48.

For 2004, we requested and received an appropriation of $5,405,000 and contingency appropriation of $350,000 from the Assembly. Our 2004 *Business and Financial Plan* includes a discussion of the amounts requested.

Total operating expenses for 2004 were about $73,000 more than 2003 for a total of $5,397,000. The increase relates to expenses for salaries and benefits. Some of these increased costs were offset by cost decreases in agent and advisory services. These changes were anticipated in our 2004 *Business and Financial Plan*. Our operating expenses were $18,000 less than anticipated in our 2004 budget.

Our 2004 budget anticipated an increase in our costs for salaries and benefits because we needed the resources to examine new agencies created by the Government and to respond to salary pressures. Our budget also showed a decrease in the costs for contracting agent and advisory services as we planned to contract less. Our actual costs for salaries and benefits were less than our budget because we were not able to hire all the staff required. As a result, we used more contract staff. The difference in our budget and actual agent and advisory costs show this change.

Salaries increased by $198,000 in 2004 compared to 2003. In 2004, we had two more employees than in 2003 which increased our costs by about $126,000. The remainder of our salary expense increase resulted from providing our staff with economic adjustments equal to the 2.5% increase that the Government provided to its employees on July 1, 2003.

Employee benefits increased by $39,000 compared to 2003. The increase is due to three factors. First, there were two more employees in 2004 resulting in a benefit increase of about $16,000. Second, increases in WCB, CPP, and extended health care plan rates increased our costs by $19,000.Third, the employer contribution rate for pensions increased

by 0.1%. This increased our benefit costs by about $4,000. The increase in the pension contribution rate equals the increase the Government provided to its employees on July 1, 2003.

Agent and advisory services decreased by $156,000 in 2004 compared to 2003. In 2004, we required assistance from one contracted staff compared to three contracted staff in 2003.

The transfer to the General Revenue Fund of $400,966 includes the return of unused appropriations and other revenue as required by *The Provincial Auditor Act*.

The cost of our work is directly influenced by the types and amount of revenue and expense of the Government, the number of government agencies, the quality of the Government's records, the cooperation that we receive, and changing professional standards. Based on the information we knew about these factors at October 31, 2003, our request for resources from the Assembly for 2005 is $5.498 million and $0.355 million for a contingency appropriation. Our 2005 Business and Financial Plan includes a discussion of the amounts requested.

The Standing Committee on Public Accounts recommends all Government agencies reporting to Treasury Board should provide a list of persons who have received money. Although we do not report to Treasury Board, pages 90 and 91 show a list of persons who provided goods and services to the Office. The information in the list is similar to the information reported for government agencies in Volume II of the Public Accounts.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements included in the Annual Report on Operations of the Provincial Auditor Saskatchewan for the year ended March 31, 2004, are the responsibility of management of the Office. Management has prepared the financial statements in accordance with Canadian generally accepted accounting principles. The financial information presented elsewhere in this annual report is consistent with that in the financial statements.

To ensure the relevance and reliability of the financial data, management maintains a comprehensive system of internal controls including an appropriate code of conduct, written policies and procedures, and an organizational structure that segregates duties. These measures provide reasonable assurance that transactions are recorded and executed in compliance with legislation and required authority, that assets are properly safeguarded, and that reliable financial records are maintained. The Office's control for safeguarding public resources, preparing reliable financial reports, and compliance with legislation have been audited by the firm of Virtus Group, Chartered Accountants and Business Advisors LLP. Their reports to the Members of the Legislative Assembly, stating the scope of their examinations and opinions on the Office's management processes and compliance with the legislation, appear on pages 68 and 69.

The financial statements have been audited by the firm of Virtus Group, Chartered Accountants and Business Advisors LLP. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the financial statements, appears on page 40.

Fred Wendel, CMA, CA
Provincial Auditor

Brian Atkinson, FCA
Assistant Provincial Auditor

June 3, 2004
Regina, Saskatchewan

AUDITORS' REPORT

To the Members of the Legislative Assembly
of Saskatchewan

We have audited the statement of financial position of the Office of the Provincial Auditor as at March 31, 2004 and the statements of operations, change in net debt, and cash flows for the year then ended. These financial statements are the responsibility of the Office of the Provincial Auditor. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the Provincial Auditor as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Virtus Group LLP

June 3, 2004
Regina, Saskatchewan

Chartered Accountants

Statement 1

OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF FINANCIAL POSITION
As at March 31

	2004	2003
Financial assets		
Cash and cash equivalents (Note 3)	$ 569,026	$ 628,829
Accounts receivable	28,384	20,040
	597,410	648,869
Liabilities		
Accounts payable	116,860	166,790
Accrued vacation pay	103,415	103,494
Due to the General Revenue Fund	377,135	378,585
	597,410	648,869
Net debt	---	---
Non-financial assets		
Tangible capital assets (Note 4)	119,465	129,690
Prepaid expense	34,114	40,328
	153,579	170,018
Accumulated surplus	$ 153,579	$ 170,018

(See accompanying notes)

Statement 2

OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2004		2003
	Budget (Note 5)	Actual	Actual
Revenue			
General Revenue Fund			
- Appropriation	$ 5,405,000	$ 5,405,000	$ 5,379,000
- Contingency appropriation	350,000	350,000	348,000
Other (Note 6)	24,000	26,412	34,549
Total revenue	5,779,000	5,781,412	5,761,549
Expense			
Salaries	3,646,000	3,608,159	3,410,380
Administration	561,000	552,724	555,751
Employee benefits (Note 7)	552,000	524,139	484,754
Rent of space and equipment	363,000	351,691	349,745
Agent and advisory services	144,000	217,094	372,599
Training and development	149,000	143,078	150,724
Total operating expense	5,415,000	5,396,885	5,323,953
Transfer to General Revenue Fund (Note 8)	374,000	400,966	409,933
Total expense	5,789,000	5,797,851	5,733,886
Annual surplus (deficit)	$ (10,000)	(16,439)	27,663
Accumulated surplus, beginning of year		170,018	142,355
Accumulated surplus, end of year		$ 153,579	$ 170,018

(See accompanying notes)

Statement 3

OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF CHANGE IN NET DEBT
For the Year Ended March 31

	2004	2003
Annual surplus (deficit)	$ (16,439)	$ 27,663
Acquisition of tangible capital assets	(67,445)	(76,398)
Amortization of tangible capital assets	77,670	89,063
	10,225	12,665
Acquisition of prepaid expense	(34,114)	(40,328)
Use of prepaid expense	40,328	23,841
	6,214	(16,487)
(Increase) decrease in net debt	---	23,841
Net debt, beginning of year	---	(23,841)
Net debt, end of year	$ ---	$ ---

(See accompanying notes)

Statement 4

OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2004	2003
Operating transactions		
Cash received from:		
General Revenue Fund		
Appropriation	$ 5,405,000	$ 5,379,000
Contingency appropriation	350,000	348,000
Fees and other	50,055	69,861
	5,805,055	5,796,861
Cash paid for:		
Salaries	3,608,238	3,453,870
Supplies and other	2,189,175	2,333,857
	5,797,413	5,787,727
Cash provided by operating transactions	7,642	9,134
Capital transactions		
Cash used to acquire tangible capital assets	(67,445)	(76,398)
Cash applied to capital transactions	(67,445)	(76,398)
Decrease in cash and cash equivalents	(59,803)	(67,264)
Cash and cash equivalents, beginning of year	628,829	696,093
Cash and cash equivalents, end of year (Note 3)	$ 569,026	$ 628,829

(See accompanying notes)

OFFICE OF THE PROVINCIAL AUDITOR
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2004

1. General Information

The Provincial Auditor Act establishes the Office of the Provincial Auditor. The Office is part of the Legislative Branch of Government. The Office:

- examines the administration of government programs and activities carried out by government departments, health and education institutions, commissions, boards, and Crown corporations;
- reports the results of examinations to the Legislative Assembly and the public; and
- helps the Standing Committees on Public Accounts and Crown and Central Agencies in their review of the Provincial Auditor's reports, the Public Accounts, and other reports.

2. Summary of Accounting Policies

The Office uses Canadian generally accepted accounting principles to prepare its financial statements. The following accounting principles are considered to be significant:

(a) Basis of Accounting

The financial statements are prepared using the expense basis of accounting.

(b) Revenue

The appropriation from the General Revenue Fund is recorded when receivable.

Other revenue is recognized on the basis of the percentage of work completed for those government agencies that have signed contracts to pay fees or have otherwise agreed to pay fees.

(c) Tangible Capital Assets

Tangible capital assets are reported at cost less accumulated amortization. Amortization is recorded on a straight-line basis at rates based on estimated useful lives of the tangible capital assets as follows:

Computer hardware	3 years
Computer software	3 years
Furniture (desks, file cabinets)	10 years
Other furniture	5 years
Other equipment	3 years

(d) Accrued Vacation Pay

The value of vacation entitlements earned to the year-end but not taken are recorded as a liability.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of interest-bearing money on deposit with the bank and short-term securities. Investments are carried at amortized cost which approximates market value. The interest rates range from 1.50 to 5.75%.

Cash and cash equivalents included in the cash flow statement are represented by:

	2004	2003
Cash	$ 165,855	$ 198,859
Short-term securities	403,171	429,970
Total cash and cash equivalents	$ 569,026	$ 628,829

4. Tangible Capital Assets

The recognition and measurement of tangible capital assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Office.

	2004			2003
	Hardware & Software	Furniture & Equipment	Total	Total
Opening costs of tangible capital assets	$ 393,842	$ 248,040	$ 641,882	$ 770,488
Additions during the year	58,216	9,229	67,445	76,398
Disposals during the year	1,301	4,321	5,622	205,005
Closing cost of tangible capital assets	450,757	252,948	703,705	641,881
Opening accumulated amortization	342,211	169,981	512,192	628,133
Annual amortization	60,857	16,813	77,670	89,063
Disposals	1,301	4,321	5,622	205,005
Closing accumulated amortization	401,767	182,473	584,240	512,191
Net book value of tangible capital assets	$ 48,990	$ 70,475	$ 119,465	$ 129,690

Annual amortization is included in Administration expense in the Statement of Operations.

5. Budget

These amounts represent the General Revenue Fund appropriation requested from the Standing Committee on Public Accounts to discharge the Provincial Auditor's duties under

The Provincial Auditor Act. The Committee recommended an appropriation of $5,755,000. The Budget included on Statement 2 is presented on the expense basis of accounting.

The Budget is requested using an expenditure basis of accounting where non-financial assets acquired in the period are recorded as expenditures. The 2004 Budget and Actual using the expenditure basis of accounting are as follows:

	2004	
	Budget	Actual
Revenue		
General Revenue Fund:		
Appropriation	$ 5,405,000	$ 5,405,000
Contingency appropriation	350,000	350,000
Other	24,000	26,412
Total revenue	5,779,000	5,781,412
Expenditure		
Salaries	3,646,000	3,608,159
Administration	551,000	531,951
Employee benefits	552,000	525,599
Rent of space and equipment	363,000	355,139
Agent and advisory services	144,000	217,094
Training and development	149,000	142,504
Total operating expenditure	5,405,000	5,380,446
Transfer to General Revenue Fund	374,000	400,966
Total expenditure	5,779,000	5,781,412
Excess of revenue over expenditure	$ ---	$ ---

6. Other Revenue

The Provincial Auditor Act requires that all fees charged and other revenues received by the Office be deposited to the General Revenue Fund. The transfer to the General Revenue Fund of $400,966 (2003 - $409,933) includes fees and other revenues of $26,412 (2003 - $34,549). See Note 8.

7. Pension Plan

The Office participates in a defined contribution pension plan for the benefit of its employees. The Office's financial obligation to the plan is limited to making regular payments of 6.35% of employees' salaries for current service. The Office's annual pension expense for 2004 amounted to $211,586 (2003 - $192,078).

8. Transfer to General Revenue Fund

The Provincial Auditor Act requires that all fees charged and other revenues received by the Office be deposited to the General Revenue Fund. In addition, the Act requires that any unspent appropriations be returned to the General Revenue Fund. The $400,966 transfer (2003 - $409,933) includes fees, other revenues, and the Office's unspent appropriations.

9. Financial Instruments

The Office's financial instruments include investments, accounts receivable, accounts payable, accrued vacation payable, and salary payable. The carrying amount of these instruments approximates fair value due to their immediate or short-term maturity. These instruments have no significant interest rate and credit risk.

10. Commitments

During the year ended March 31, 2002, the Office and its landlord made a new lease whereby the Office agreed to rent the premises for a ten years commencing April 1, 2002. Annual lease payments total $329,678, before escalation adjustments.

The Office is also committed to make future annual payments for operating leases and professional service contracts of:

Year ending March 31	Amount
2005	$134,605
2006	$120,905
2007	$ 16,496

Supporting Schedules and Reports

AUDITORS' REPORT

To the Members of the Legislative Assembly
of Saskatchewan

We have audited the Schedule of Actual Costs to Audit Government Agencies for the period as described in note 1, which is prepared in accordance with accounting principles as set out in the notes to the schedule of financial information. This schedule of financial information is the responsibility of the Office of the Provincial Auditor. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with standards for assurance engagements established by The Canadian Institute of Chartered Accountants. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, the actual costs to audit government agencies for the period as described in note 1 in accordance with the accounting principles set out in the notes to the schedule of financial information.

Virtus Group LLP

June 3, 2004
Regina, Saskatchewan

Chartered Accountants

Office of the Provincial Auditor
Schedule of Actual Costs to Audit Government Agencies

Government Agency	2004 Planned Costs (Note 5)	2004 Actual Costs		2005 Planned Costs (Note 5)
		($ Thousands)		
Department of Agriculture, Food and Rural Revitalization	$ 279	$ 254 *		$ 273
Department of Community Resources and Employment	254	209 *	(1)	194
Department of Corrections and Public Safety	29	33		28
Department of Culture, Youth and Recreation	121	125		123
Department of Environment	175	193 *		203
Department of Finance	661	595 *	(2)	686
Department of Government Relations and Aboriginal Affairs	118	150 *	(3)	130
Department of Health	584	513 *	(4)	585
Department of Highways and Transportation	158	115 *	(5)	101
Department of Industry and Resources	66	82		148
Department of Justice	169	176		224
Department of Labour	65	72		30
Department of Learning	676	644 *		713
Executive Council	18	27 *		24
Legislative Assembly	45	45 *		46
Public Service Commission	9	12		10
Crown Investments Corporation of Saskatchewan	92	86 *		144
Information Services Corporation of Saskatchewan	47	44 *		12
Municipal Financing Corporation of Saskatchewan	2	2		2
Saskatchewan Development Fund Corporation	6	4		7
Saskatchewan Gaming Corporation	119	92 *		90
Saskatchewan Government Growth Fund Management Corporation	20	16 *		20
Saskatchewan Government Insurance Corporation	117	90 *		102
Saskatchewan Liquor and Gaming Authority	245	283 *	(6)	264
Saskatchewan Municipal Board	3	1		--
Saskatchewan Opportunities Corporation	6	9		7
Saskatchewan Power Corporation	96	85 *		101
Saskatchewan Property Management Corporation	13	14		49
Saskatchewan Research Council	73	59 *		73
Saskatchewan Safety Council	17	16		17
Saskatchewan Telecommunications Holding Corporation	95	85 *		68
Saskatchewan Transportation Company	9	5 *		8
Saskatchewan Water Corporation	15	15		15
SaskEnergy Incorporated	82	107 *		60
Workers' Compensation Board	82	67 *		38

(see accompanying notes)

Office of the Provincial Auditor
Schedule of Actual Costs to Audit Government Agencies
(continued)

Government Agency	2004 Planned Costs (Note 5)	2004 Actual Costs ($ Thousands)		2005 Planned Costs (Note 5)
Government-Wide, Sectoral, and Special Issue Work	$ 390	$ 192 *	(7)	$ 450
Legislative Committees and Public Reports	449	364	(8)	453
TOTAL	$5,405	$4,882		$5,498
* Costs remaining to complete audits not complete at March 31, 2004	--	548		--
TOTAL	$5,405	$5,430		$5,498

(see accompanying notes)

In Part I of our discussion and analysis, on pages 59 and 60, we discuss footnotes (1) to (8).

Office of the Provincial Auditor
Notes to the Schedule of Actual Costs to Audit Government Agencies

1. Purpose

This schedule shows the Office's actual costs, up to March 31, 2004, of auditing the various agencies of the Government for their years ending in the period January 1, 2003 to December 31, 2003 compared to the planned costs for that period. The schedule also shows the planned costs for auditing the various agencies of the Government for their years ending in the period January 1, 2004 to December 31, 2004.

2. Definitions

The following definitions are provided to help understand our cost allocation policies.

Total Costs - This is the total operating expenditure reported in our audited financial statements (see page 47).

Audit hour - This is the time employees spend on the audits set out in the detailed work plans in our Business and Financial Plans.

Cost-per-hour - This is the hourly rate for an audit hour for each employee as set by the Office. (See Note 3.)

Direct costs - These are costs other than salaries that are directly related to specific audits (e.g. employees' travel costs).

Actual costs - These costs are determined by multiplying employees' audit hours times employees' costs-per-hour and adding to that result direct costs.

Average cost-per-audit hour - This is the total costs for the year less direct costs divided by the total audit hours for all employees for the year.

3. Cost Allocation Policies

The Office allocates its total costs each year to the audits carried out during the year. Direct costs are charged directly to the relevant audit. For all other costs, the Office uses reported audit hours set out in employee time sheets as the basis of allocation.

The cost-per-hour is based on the employee's pay and benefits and a portion of other costs (rent, office administration and support services) allocated based on the office's

expected time on audit activities. The cost-per-hour is adjusted periodically to reflect changing employee and office-wide circumstances.

The reported actual costs for each audit in the Schedule is determined by multiplying employees' audit hours for the relevant audit times the employees' costs-per-hour and adding to that result direct costs for that audit.

4. Additional Information

The Office's actual average cost-per-hour for 2004 is $82.39 (2003 - $79.91).

The Office's total actual direct costs for 2004 are $187,094 (2003 - $334,805).

The footnotes in the Schedule reference to the Management Discussion and Analysis on pages 59 and 60. That information is unaudited.

Government agencies have various fiscal year ends (e.g., March 31, June 30, December 31). Due to the nature of auditing, some audit activity occurs before the government agencies' fiscal year ends; while other audit activity occurs after their year ends. As a result, employees' audit activities during our fiscal year relate to more than one fiscal year of a government agency.

Table 1 shows the actual costs of the audit activity we carried out during 2004 by the relevant fiscal year-ends of government agencies. Table 2 shows the years we incurred the costs to audit government agencies for years ending in the period January 1, 2003 to December 31, 2003.

Table 1
Total Costs for 2004
Allocated to Relevant Fiscal Year-ends of Government Agencies

Relevant Fiscal Year-ends	Costs Allocated ($ Thousands)
January 1, 2004 to December 31, 2004	$1,358
January 1, 2003 to December 31, 2003	3,629
January 1, 2002 to December 31, 2002	354
July 1, 2001 to December 31, 2001	1
July 1, 2000 to June 30, 2001	38
Total Costs	$5,380

Table 2
Actual Costs to Audit Government Agencies
for Their Years Ending in the Period January 1, 2003 to December 31, 2003
by the Year We Incurred the Costs

Year We Incurred Costs	Actual Costs ($ Thousands)
April 1, 2003 to March 31, 2004	$3,629
April 1, 2002 to March 31, 2003	1,253
Total Actual Costs Incurred	$4,882

5. Planned Costs

The planned costs set out in the Schedule are those presented to the Standing Committee on Public Accounts in the Office's 2004 Business and Financial Plan and 2005 Business and Financial Plan.

AUDITORS' REPORT

To the Members of the Legislative Assembly
of Saskatchewan

We have audited the Schedule of Actual Time Employees Spend on Tasks for the year ended March 31, 2004, which is prepared in accordance with the principles set out in the notes to the schedule of statistical information. This schedule of statistical information is the responsibility of the Office of the Provincial Auditor. Our responsibility is to express an opinion on this information based on our audit.

We conducted our audit in accordance with standards for assurance engagements established by The Canadian Institute of Chartered Accountants. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the statistical information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statistical information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statistical information.

In our opinion, this schedule presents fairly, in all material respects, the actual time employees spend on tasks for the year ended March 31, 2004, in accordance with the accounting principles set out in the notes to the schedule of statistical information.

Virtus Group LLP

June 3, 2004
Regina, Saskatchewan

Chartered Accountants

Office of the Provincial Auditor
Schedule of Actual Time Employees Spend on Tasks
for the Period April 1, 2001 to March 31, 2004

	Actual			Planned	
Employee time	**2002**	**2003**	**2004**	**2004**	**2005**
Working hours	85%	86%	84%	85%	84%
Vacation leave and statutory holidays	13%	12% [1]	13%	13%	14% [1]
Sick leave	2%	2%	3% [2]	2%	2%
Total paid hours	100%	100%	100%	100%	100%
Working hours tasks					
Audits	65%	66%	66%	66%	66%
Support services	14%	13%	13%	12%	12%
Office administration	14%	14%	13%	13%	13%
Training	7%	7%	8%	9%	9%
Total work hours	100%	100%	100%	100%	100%
Total full time equivalent positions	55	58	58	57	57

(see accompanying notes)

In Part II of our discussion and analysis, on pages 61, we discuss footnotes (1) to (2).

Office of the Provincial Auditor
Notes to the Schedule of Actual Time Employees Spend on Tasks
for the Year Ended March 31, 2004

1. Purpose

This schedule shows employee tasks and the percentage of time that employees spent on these tasks. The schedule shows actual percentages for the years ended March 31, 2002 to March 31, 2004. The schedule also shows planned percentages for these tasks for the years ended March 31, 2004 and 2005.

2. Definitions

Working hours – This is the time available after deducting vacation leave, statutory holidays, and sick leave.

Vacation leave and statutory holidays – Employees receive paid vacation leave. Leave is based on years of service. Employees also receive 11 paid statutory holidays.

Sick leave – Employees receive paid sick leave. The amount of paid leave is based on years of service.

Total paid hours – This is the total of working hours, vacation leave and statutory holidays, and sick leave. Employees must account for a minimum of 1950 total paid hours per year to receive full pay.

Audit hours – This is the time employees spend on the audits set out in the Detailed Work Plan on pages 50 and 51. Audit hours does not include the time spent on support services, office administration, and training.

Support services – This is the time employees spend on accounting, computer maintenance and support, and other administrative support.

Office administration – This is time employees spend on human resource activities, internal committees and working groups, office-wide and group planning activities, and time that does not fall within any other working hours task category.

Training – This is time employees spend on staff development courses and seminars. The time includes both employee attendance time and instructor time when our employees instruct our internal courses.

Full-time equivalent positions – This represents the total paid months divided by twelve months.

3. Time Allocation Policies

Employees are required to record on time sheets actual time spent on each task to the nearest quarter hour. The employees' supervisors approve the employees' time sheets. The Office records the time shown on the time sheets. The Office uses the information derived from the time sheets to pay employees and to monitor employees' performance. The Office also uses this information to determine the actual costs to audit government agencies.

4. Planned Time

The percentages of planned time for 2004 set out in the Schedule are those presented to the Standing Committee on Public Accounts in the Office's *2004 Business and Financial Plan*. The percentages of planned time for 2005 set out in the Schedule are those presented to the Standing Committee on Public Accounts in the Office's *2005 Business and Financial Plan*.

Discussion and Analysis

Part I – Schedule of Actual Costs to Audit Government Agencies

Explanation of differences between actual costs and planned costs more than $40,000.

1. *Department of Community Resources and Employment* – To complete all of our work would cost a further $32,000. As a result, our 2004 actual costs are approximately $13,000 less than planned.

2. *Department of Finance* – To complete all of our work would cost a further $22,000. As a result, our 2004 actual costs are approximately $44,000 less than planned. Our costs for the audit of the General Revenue Fund are lower than planned by approximately $12,000 due to fewer accounting issues requiring research. Also, our costs for preparing our report on understanding the finances of the Government are lower than planned by approximately $17,000. We were able to get comparable information for other provinces more efficiently.

3. *Department of Government Relations and Aboriginal Affairs* – To complete all of our work would cost a further $16,000. As a result, our 2004 actual costs are approximately $48,000 more than planned. This is a result of additional audit work due to issues at community development corporations, First Nations Fund, and Northern Revenue Sharing Trust Account. We reported these issues in our 2003 Report – Volume 3.

4. *Department of Health* – To complete all of our work would cost a further $108,000. As a result, our 2004 actual costs are approximately $37,000 more than planned. Our work on the regional health authorities cost $24,000 more than originally planned as a result of the work required for the health board amalgamations. In addition, our costs included $17,000 to audit SAHO and its related funds. These costs were not anticipated when we set our budget.

5. *Department of Highways and Transportation* – To complete all of our work would cost a further $17,000. As a result, our 2004 actual costs are approximately $26,000 less than planned.

6. *Saskatchewan Liquor and Gaming Authority* – To complete all of our work would cost a further $43,000. As a result, our 2004 actual costs are approximately $81,000 more than planned. Saskatchewan Liquor and Gaming Authority (SLGA) and Saskatchewan Indian Gaming Authority (SIGA) did not implement our past recommendations resulting in more work than expected. Our 2004 audit plan was based on our expectation that SLGA and SIGA would have adequate practices to manage public money.

7. *Government-Wide, Sectoral, and Special Issue Work* – To complete all of our work would cost a further $153,000. As a result, our 2004 actual costs are approximately $45,000 less than planned. Our work on the capital asset planning process at Saskatchewan Housing Corporation cost us $43,000 less than originally planned. We achieved the savings in research for our audit criteria.

8. *Legislative Committees and Annual Reports* – Our 2004 actual costs are approximately $84,000 less than planned. Fewer staff attended Legislative Committee meetings than originally planned. This resulted in a cost savings of $47,000. Our costs for preparing our Reports to the Legislative Assembly were approximately $26,000 less than planned. Also, we reduced our printing costs for preparing and publishing our public reports by approximately $11,000.

Part II Schedule of Actual Time Employees Spend on Tasks

Explanations of statistical differences in the use of employee time.

1. Our vacation leave and statutory holidays are similar to those provided to employees in the public service. 2003 reflects one less statutory holiday (Easter) for the period. 2005 reflects one additional statutory holiday (Easter) for the period.

2. 2004 was not a representative year for the Office. The "flu bug" and staff needing to care for gravely ill parents significantly affected our Office.

AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have audited the Schedule of Performance Information for Three Performance Indicators of the Office of the Provincial Auditor reporting management's progress in achieving its stated objectives and performance targets for the year ended March 31, 2004, which is prepared in accordance with the reporting principles set out on page 63. The Schedule is the responsibility of the Office of the Provincial Auditor. Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit in accordance with standards for assurance engagements established by The Canadian Institute of Chartered Accountants. Those standards require that we plan and perform an audit to obtain reasonable assurance that the information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the information and related disclosures. An audit also includes assessing the reporting principles used and significant judgments made by management, as well as evaluating the overall presentation of the information.

In our opinion, this schedule presents fairly, in all material respects, the Office of the Provincial Auditor's progress towards achieving stated objectives and performance targets in accordance with the above reporting principles.

Virtus Group LLP

June 3, 2004
Regina, Saskatchewan

Chartered Accountants

MANAGEMENT'S REPRESENTATION ON THE SCHEDULE OF PERFORMANCE INFORMATION FOR THREE PERFORMANCE INDICATIORS

We prepared the performance information in accordance with the following principles:

The performance information is relevant. It is related to stated objectives and performance targets and enables an assessment of our progress towards achieving the objectives and targets. It shows how we achieved the results and how we measured our progress towards the performance targets.

The performance information is reliable. It is based on data that are accurate, complete, and available over a long period of time and at a reasonable cost. It is derived from data that is fair and unbiased and capable of being replicated by independent and knowledgeable observers.

The performance information is understandable. It provides the level of detail needed to enable a proper understanding of performance and is limited to a key set of performance measures that are comparable over time and aggregated at appropriate and meaningful levels.

Fred Wendel, CMA, CA
Provincial Auditor

Brian Atkinson, FCA
Assistant Provincial Auditor

Regina, Saskatchewan
June 3, 2004

Schedule of Performance Information For Three Performance Indicators For the Year Ended March 31, 2004

Goal 1:

Foster well-managed Government

Objectives:

1.1 Our stakeholders value our assurance and advice to strengthen the Government's accountability to the Assembly.

1.2 Our stakeholders value our assurance and advice to strengthen the Government's processes to achieve intended results.

Target	Result	Discussion
Measure: The Government's action on our recommendations that do not involve major changes.		
80% of recommendations that do not involve major changes are acted on within one year	81% (2003 – 79%)	We achieved our target. The results for 2004 are based on all recommendations that do not involve major changes made in the period April 1999 to March 2004.
Measure: The Government's action on our recommendations that involve major changes.		
80% of recommendations that involve major changes are acted on within five years	92% (2003 – 87%)	We achieved our target. The results for 2004 are based on all recommendations that involve major changes made in the period April 1999 to March 2004.
Measure: The Legislative Assembly's acceptance of our recommendations.		
90% of our recommendations that are considered by the Legislative Assembly are accepted	87% (2003 – 88%)	We did not achieve our target. The results for 2004 are based on all our recommendations made in the period April 1999 to March 2004 and reported on by the Standing Committees on Public Accounts and Crown and Central Agencies. Of the 24 recommendations (13%) not accepted by the committees, 11 (6%) were discussed, but neither accepted nor rejected.

Inspection Report

Chartered
Accountants
of Saskatchewan

The Institute of Chartered
Accountants of Saskatchewan
830 - 1801 Hamilton Street
Regina, Saskatchewan
S4P 4B4
Tel: (306) 359-1010
Fax: (306) 569-8288

Fred Wendel, CA,CMA
Provincial Auditor
Provincial Auditor Saskatchewan
1920 Broad St., Ste. 1500
REGINA, SK S4P 3V7

March 29, 2004

Dear Mr. Wendel

Practice Inspection # 2408

As part of the reporting and review procedures for your inspection, I am providing you with the following comments on the results of the inspection and have included a typed copy of files reviewed and points for discussion.

The report will be reviewed by the committee at their next meeting. A final report will be sent to you after it has been considered by the committee.

Financial statement presentation

There were no reportable items.

File Documentation

There were no reportable items.

I thank you for the co-operation and courtesy extended during the visit and please call if you wish to discuss these matters further.

Sincerely,

Gary Erickson, FCA
Director of Practice Appraisal

/ge

encl.

Chartered
Accountants
of Saskatchewan

The Institute of Chartered
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830 - 1801 Hamilton Street
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Fred Wendel, CA,CMA
Provincial Auditor
Provincial Auditor Saskatchewan
1920 Broad St., Ste. 1500
REGINA, SK S4P 3V7

May 31, 2004

Dear Mr. Wendel:

Practice Appraisal # 2408

At their meeting of May 20, 2004 the Practice Appraisal Committee reviewed the report relating to the inspection of your firm which was completed earlier.

The committee asked that I advise that it has no additional comments to add and no further action will be required .

The committee reminds you that consistent with the educational purpose of the Practice Inspection program, reviews are carried out with the objective of determining if a member firm has policies and procedures in place that would enable it to provide public accounting services in accordance with the standards of the profession. This is accomplished by reviewing responses to quality control questionnaires completed by the firm, by reviewing a selection of files and by discussion with partners of the firm.

The review process is not intended to provide any assurance on the files and financial statements prepared by the firm.

Once again I thank you for the courtesy and co-operation extended during my visit.

Sincerely,

Gary Erickson, FCA
Director of Practice Inspection

/ge

no further action.doc

CCOLA Inter-jurisdictional Peer Review Report

AUDITOR GENERAL
Alberta

8th Floor, 9925-109 Street
Edmonton, AB T5K 2J8
Canada

Tel: (780) 427-4222
Fax: (780) 422-9555

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October 3, 2003

Mr. G. Fred Wendel, CMA, CA
Provincial Auditor Saskatchewan
1500 Chateau Tower
1920 Broad Street
Regina, SK S4P 3V7

Dear Mr. Wendel:

Canadian Council of Legislative Auditors (CCOLA) Inter-jurisdictional Peer Review of Value-for-Money (VFM) Audits

We recently completed reviews of two of your Office's VFM files as part of the CCOLA inter-jurisdictional review program. The reviews were conducted September 9-10th, 2003 and findings were discussed with the audit teams on September 11th.

Our overall conclusion was that audits we reviewed complied with all applicable aspects of Generally Accepted Auditing Standards for both Assurance and VFM engagements. In addition, the files were logically structured, easy to follow, and documentation was clear and concise. The completed CCOLA review guides for the VFM files we examined are attached.

We will send a separate letter to the CCOLA Quality Assurance Committee describing the results of our review in accordance with the protocol established by the Committee for that purpose. In general, as reviewers we found the CCOLA review guide to be a comprehensive tool for assessing compliance with professional standards. Suggestions for minor improvements in the content and form of the review guide itself will be included in our report to CCOLA.

Your professional courtesy and hospitality during the review were greatly appreciated. We enjoyed discussing VFM and audit management issues with you and other members of your Office, and we noted several planning and reporting practices that we will consider adopting in our own VFM work.

Should you have any questions, please feel free to call me.

M.N. Saher

Merwan Saher, CA
Assistant Auditor General, Professional Practice
Alberta Auditor General

AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

Introduction

We have audited the Office of the Provincial Auditor's control as of March 31, 2004 to express an opinion as to the effectiveness of its control related to the following objectives.

- To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan to achieve its goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial reports.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

We used the control framework developed by The Canadian Institute of Chartered Accountants (CICA) to make our judgements about the effectiveness of the Office of the Provincial Auditor's control. We did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

The CICA defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives reliably.

The Office of the Provincial Auditor's management is responsible for effective control related to the objectives described above. Our responsibility is to express an opinion on the effectiveness of control based on our audit.

Scope

We conducted our audit in accordance with standards for assurance engagements established by The Canadian Institute of Chartered Accountants. Those standards require that we plan and perform an audit to obtain reasonable assurance as to effectiveness of the Office of the Provincial Auditor's control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

Conclusion

In our opinion, the Office of the Provincial Auditor's control was effective, in all material respects, related to the objectives stated above as of March 31, 2004 based on the CICA criteria of control framework.

Limitations

Control can provide only reasonable not absolute assurance of achieving objectives reliably for two reasons. First, there are inherent limitations in control including judgement in decision-making, human error, collusion to circumvent control activities and management overriding control. Second, cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes in internal and external conditions, or the degree of compliance with control activities may deteriorate.

Virtus Group LLP

June 3, 2004
Regina, Saskatchewan

Chartered Accountants

Provincial Auditor Saskatchewan

AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have made an examination to determine whether the Office of the Provincial Auditor complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding of assets, spending, revenue-raising, borrowing and investing activities during the year ended March 31, 2004:

The Provincial Auditor Act

Our examination was made in accordance with standards for assurance engagements established by The Canadian Institute of Chartered Accountants, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the Office of the Provincial Auditor has complied, in all material respects, with the provisions of the aforementioned legislative and related authorities during the year ended March 31, 2004.

Virtus Group LLP

June 3, 2004
Regina, Saskatchewan

Chartered Accountants

AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

Re: Audit of the Office of the Provincial Auditor for the year ended March 31, 2004

We have completed the above noted audit and have issued our reports on the financial statements, internal controls and legislative compliance dated June 3, 2004.

In accordance with *The Provincial Auditor Act*, our responsibilities to report to the members of the legislative assembly also appear to include:

> **To report matters that, in our judgement, are significant** (exceptions/deficiencies), if any, which may impact the annual financial statements and related controls.

This report is based only on matters assessed and relied upon for purposes of our audit opinions on the office's financial statements, internal controls and legislative compliance. This form of report is referred to as a derivative report, i.e. it is derived from the process, procedures, and findings related to the audit.

Based on the above noted reporting requirements, we provide the following observations:

Governance and Management Control

No reportable matters identified.

Systems Control

No reportable matters identified.

Financial Statement Presentation and Disclosure

No reportable matters identified.

Other Matters

No reportable matters identified.

Detailed findings (exceptions/deficiencies) and observations with respect to internal controls, and/or financial statement presentation and disclosure are discussed with the Office's management during the course of and completion of our work.

Virtus Group LLP

June 3, 2004
Regina, Saskatchewan

Chartered Accountants

Summary of Our 2004 – 2007 Strategic Plan

Our goals and objectives

We have three goals. These are:

- foster well-managed government;
- encourage meaningful reporting by government; and
- manage our business effectively.

Pages 72 to 87 set out our goals and objectives for the period April 1, 2003 to March 31, 2007 for pursuing our mission. We also set out our strategies and action plans to manage the risks that might prevent us from achieving our objectives.

Pages 88 to 89 include a glossary of terms and abbreviations used in our strategic plan.

The indicators we use to measure our success in achieving our goals and objectives and our performance targets for these indicators are set out on pages 13 to 15.

Goals	Objectives	General strategies
1. **Foster well-managed Government**	1. Our stakeholders value our assurance and advice to strengthen the Government's accountability to the Assembly.	1. Work with supervising agencies on their processes that foster accountability to the Assembly.
		2. Encourage legislators to put in law sound accountability requirements for the Government.
		3. Advise legislators of the state of the Government's accountability to the Assembly.

Action plans
1. Keep informed of and share changes in accountability processes in other jurisdictions.
2. Work with Finance and Executive Council to build capacity for results-based management.
3. Work with the Crown Investments Corporation of Saskatchewan (CIC) to further the successful implementation of the balanced score card system.
4. Work with Finance, CIC, and Executive Council to explain the importance of our assurance on key performance reports (plans and results).
5. Encourage the use of the key elements of sound planning and reporting for the overall Government and for significant government agencies.
6. Encourage supervising agencies to consider the impact on accountability to the Legislative Assembly when approving changes in key accountability arrangements.
1. Advise legislators of the state of legislated accountability in other Canadian jurisdictions.
2. Promote the value of legislating sound accountability requirements (i.e., to ensure requirements are sustainable).
3. Work with Finance, CIC and Executive Council to identify any barriers to requiring sound accountability by law.
1. Report on accountability arrangements that present the Government with significant risks (e.g., school boards, non-government agencies, public private partnerships, Canadian Blood Services).
2. Advise legislators of the impact of changes in key accountability arrangements to ensure they provide appropriate accountability to the Assembly.
3. Share with government officials the criteria for assessing accountability arrangements.
4. Assess the adequacy of accountability in key agreements.
5. Provide input to the CICA on public sector accounting and auditing issues, and explain the impact to legislators, as needed.
6. By 2005, report to legislators on the state of the Government's overall accountability to the Assembly compared with other Canadian jurisdictions.

Goals	Objectives	General strategies
1. **Foster well-managed Government**	2. Our stakeholders value our assurance and advice to strengthen the Government's processes to achieve intended results.	1. Evaluate the Government's processes to achieve planned results including its risk management.
		2. Assess the adequacy of the Government's processes to manage its human resources and infrastructure including information technology.
		3. Work with supervising agencies to promote the use of good processes to achieve intended results.
		4. Advise legislators of the challenges in managing the key forces and trends affecting the Government.

Action plans
1. Examine the financial controls of government agencies. 2. Examine compliance with authorities by government agencies. 3. Examine the processes used by the overall Government and significant government agencies to manage key risks including delivery of services by other parties (e.g., school boards, non-government agencies).
1. In 2004, report the key elements of a sound human resource plan. 2. During 2004 - 2007, ensure significant government agencies have the key elements of a sound human resource plan. 3. In 2005 - 2007, for 8 significant government agencies that have the elements of sound human resource plans, examine those plans to ensure they have adequate succession plans. 4. In 2005 - 2007, each operating group will report on the adequacy of agencies' management of significant infrastructure (e.g., health facilities, highways, energy distribution systems). 5. By 2005, report the key elements of sound information technology practices including governance, architecture, security, availability, privacy, and information management. 6. In 2005 - 2007, report on how well government agencies manage information technology systems and projects (financial and non-financial) using the key elements.
1. Offer advice to supervising agencies on appropriate processes to control the management of public resources. 2. Encourage supervising agencies to set out clearly their control expectations to the government agencies they supervise. (e.g. Health, CIC) 3. Encourage supervising agencies to ensure their control expectations are carried out by the government agencies they supervise.
1. Report on the financial condition of the Government to help explain the economic constraints faced by the Government. 2. During 2004 – 2007 we will report on the key challenges faced by the Government: • In ensuring a professional public service for effective service delivery. • Resulting from the growing young Aboriginal population. • In ensuring a healthy and sustainable environment. • Resulting from the aging population. • To our tax base resulting from the key forces and trends. • In managing the changing infrastructure needs resulting from rural depopulation.

Goals	Objectives	General strategies
2. Encourage meaningful reporting by Government	1. The Government provides an overall plan and results to the Assembly.	1. Encourage key officials to provide an overall government business and financial plan and results to the Assembly.
		2. Report publicly the benefits of providing overall government plans and results to the Assembly.
	2. Government agencies report their plans and results to the Assembly.	1. Assess key performance reports of significant government agencies and sectors.
		2. Share the best practices of performance reports of other jurisdictions with government agencies and the Assembly.
		3. Support government agencies to build capacity for reporting plans and results to the Assembly.
		4. Encourage the Government to prepare departmental financial statements and provide them to the Assembly.

Action plans
1. Promote alternative financial plan models to Executive Council, CIC, and Finance to encourage them to report publicly a financial plan for the overall Government. 2. Meet with key officials to discuss the benefits of providing the Assembly with business and financial plans and results. 3. Encourage government agencies to provide the Assembly with their business and financial plans and results to build capacity to publish an overall plan.
1. Report a model of an overall business plan and continue to report model financial plans including what is happening in other jurisdictions. 2. Report on the status of inter-jurisdictional comparisons of performance reporting, and on benefits and risks of an overall public business and financial plan. 3. Advise opinion leaders of the benefits of performance reports (e.g., boards of directors, community groups, journalists, CCOLA, Legislative Committees).
1. Assess annual reports of all significant government agencies against key elements each year. 2. Assess business and financial plans of significant government agencies against the key elements every second year. 3. Assess plans and results of sectors, within a year of the plans and results becoming public.
1. Keep informed of what is happening in other jurisdictions (e.g., see CCOLA survey on website). 2. Share best practices with the primary authors of the performance reports (e.g., Deputy Ministers, communication staff). 3. Discuss best practices annually with supervising agencies responsible for providing guidance on performance reports (e.g., Finance, CIC, Executive Council, Health).
1. Encourage government agencies to develop the capacity to collect and analyze reliable performance information. 2. Identify and discuss any barriers to reporting plans and results with senior officials. 3. Identify and support the champions for reporting plans and results. 4. Identify and recognize the leaders in our reports.
1. Ensure adequate information systems exist to report on plans and results. 2. Discuss with government officials and legislators the benefits of departmental financial statements. 3. Keep informed of what is happening in other jurisdictions and share with government officials and legislators.

Goals	Objectives	General strategies
2. Encourage meaningful reporting by Government	2. Government agencies report their plans and results to the Assembly.	5. Encourage government agencies to report to the Assembly how they manage their key risks to achieve their intended results.
		6. Encourage government agencies to include our internal control and legislative compliance opinions in their annual reports.
	3. The Assembly receives our timely assurance on the Government's reports on plans and results (financial and non-financial information).	1. Provide timely assurance on government agencies' financial reports.
		2. Inform Legislators of the benefits of providing assurance on government agencies' performance reports.
		3. Provide timely assurance on government agencies' performance reports for non-financial information.

Action plans
1. Publicly recognize the leaders who report their management of key risks. 2. Report the key risks of significant government agencies where they have not publicly reported their risks. 3. Encourage legislative committees to ask government agencies how they are managing their key risks. 4. Report control weaknesses in the context of major risks. 5. Inform legislators and government officials of the importance of publicly explaining their management of key risks.
1. Identify government agencies currently reporting internal control and legislative compliance opinions. 2. Discuss with government officials and legislators the benefits of including opinions on control and compliance in annual reports. 3. Monitor reporting of internal control and legislative compliance opinions in other jurisdictions. 4. Encourage government agencies to include their assessment of the effectiveness of their controls in their annual report.
1. Examine the reliability of the financial statements of the overall government and of all government agencies. 2. Deliver our reports on the results of our work to government officials within the agreed upon time frame. 3. Deliver timely public reports on the results of our work to the Legislative Assembly.
1. Report on the benefits of providing assurance on government agencies' performance reports. 2. During the entry/exit meeting with significant government agencies, encourage them to include an assurance report from our Office on their performance information.
1. Examine the reliability of key non-financial indicators included in the performance reports of government agencies. 2. Deliver our reports on the results of our work to government officials in the agreed upon time frame. 3. Deliver timely public reports on the results of our work to the Legislative Assembly.

Goals	Objectives	General strategies
3. **Manage our business effectively**	1. Our stakeholders understand and value what we do.	1. Ensure we have the resources and access to the competencies necessary to respond to the risks faced by our stakeholders.
		2. Provide relevant, reliable, and timely service at a reasonable cost.
		3. Maintain support for our recommendations.

Action plans
1. Seek and monitor the views of our stakeholders on our plans and performance.
2. Prepare our resource proposals based on how we plan to respond to our risks and the risks faced by our stakeholders.
3. Clearly explain our resource proposals to PAC.
4. Maintain a competency-based framework for human resource management.
5. Maintain a sound human resource plan (including succession plan) that sets out required competencies and development plans.
6. Hire, train, and contract as expected in our human resource plan.
7. Use external experts as needed.
8. Use employee development plans and performance assessments to ensure we possess and maintain the necessary competencies.
9. Stimulate and support innovation.
1. Use a risk-based model to determine our work priorities.
2. Discuss audit requirements with government agencies at entry/exit meetings and document agreed upon requirements in our audit planning memoranda.
3. Complete audit work according to the audit planning memoranda. If necessary, explain any significant changes to the plan.
4. Complete our work according to professional standards.
5. Obtain feedback on our performance from government agencies using Post Audit Questionnaires.
6. Monitor our planned and actual costs and manage the impact of any significant differences.
7. Maintain and monitor information about costs of similar service providers to benchmark our costs.
8. Pay our staff based on market conditions.
1. Ensure our reports clearly explain deficiencies, consequences, and resulting recommendations.
2. Make clear presentations to boards, management, PAC, CCC, and the public.
3. Monitor acceptance of our recommendations.
4. Consider costs and benefits when making recommendations and set out recommendations in the context of key risks.

Goals	Objectives	General strategies
3. **Manage our business effectively**	1. Our stakeholders understand and value what we do.	4. Communicate in a clear, accessible, and timely manner.
		5. Maintain our independence and objectivity.
	2. We are leaders in key areas of legislative auditing.	1. Maintain our leadership in the areas of auditing financial reporting, accountability, and compliance with related authorities.
		2. Continue to develop our leadership in risk management.
		3. Develop and maintain special knowledge in the many diverse and complex businesses the Government manages.

Action plans
1. Share written key communication policies with staff.
2. Make our reports accessible to our stakeholders.
3. Clearly explain our work and findings.
4. Strengthen our presentation skills.
5. Prepare an overall executive summary for lengthy public reports.
6. Review current practice regarding timing and content of our public reports.
7. Monitor content of our public website to ensure information is current and relevant.
8. Inform members of key legislative committees about the products and services that we deliver.
9. Prepare and distribute to our stakeholders a summary pamphlet outlining our role and the products and services that we deliver.
1. Promote the basic principles for legislative auditors (e.g., refer to CCOLA document).
2. Explain our independence to our stakeholders.
3. Identify and respond to initiatives that might affect our independence.
4. Make staff aware of our need to be and appear to be independent (through objectivity policies).
5. Develop and implement a policy for the rotation of key personnel on audits.
1. Maintain and enhance our internal training program using CCOLA resources when appropriate.
2. Allocate resources for external development opportunities.
3. Participate on provincial and national committees (e.g. CCOLA, CICA, ICAS).
4. Keep our practices current by using our Practice Review Committee.
5. Use quality control processes to maintain consistent practices.
1. Continue to develop our internal training program using CCOLA resources when appropriate.
2. Allocate resources for external development opportunities.
3. Monitor external organizations for risk management practices (e.g. Conference Board of Canada, CCAF, CICA).
1. Assess the relevance of our specialities.
2. Ensure succession of key specialists on an ongoing basis.

Goals	Objectives	General strategies
3. Manage our business effectively	2. We are leaders in key areas of legislative auditing.	4. Offer our advice and training programs to others.
		5. Maintain current and effective methodology.
	3. We continuously improve our work.	1. Continue to strengthen and simplify our management information system.
		2. Continue to strengthen and simplify our administrative practices.
		3. Continue to strengthen and simplify how we plan, assess, and report our performance.

Action plans
1. Offer advice and training to our professional colleagues (CCOLA, appointed auditors).
2. Offer advice and training program to government officials.
1. Monitor and learn from our experiences and from the practices of our professional colleagues.
2. Use the criteria from the CICA's Risk Management and Governance Board to assess the processes of all significant government agencies to plan and achieve plans.
3. Challenge the status quo and do quality control reviews.
4. Support CCOLA's quality assurance process for ensuring the adequacy of our methodology.
5. Support CCOLA in promoting the participation of legislative audit offices in the requirements of the Canadian Public Accountability Board.
6. Use the Professional Engagement Manual maintained by the CICA and CaseWare to document our audit work.
1. Continue to simplify our internal information systems (e.g., information centre, Intranet, databases).
2. Improve the ability of staff to access our internal information when they are away from the office.
1. Encourage staff to search for and share efficiencies.
2. Acquire quality goods and services at the best prices.
3. Improve the efficiency of preparing and issuing our reports.
1. Prepare an annual business and financial plan.
2. Use a risk-based model to determine our audit priorities.
3. Continue to improve our risk-based model.
4. Use the criteria of the CICA's Risk Management and Governance Board to assess our management control including our processes to plan.
5. Report publicly our plans and the extent to which we have achieved our plans.
6. Strengthen the nature of the assurances provided to legislators by our auditor on our performance.

Goals	Objectives	General strategies
3. Manage our business effectively	4. We maintain a positive and healthy work environment.	1. Ensure our working environment embraces our guiding principles.

Action plans
1. Respond to concerns and trends identified in our corporate culture surveys of our staff.
2. Provide all staff with challenging work in all of our services.
3. Promote two-way feedback on staff performance.
4. Identify and implement more effective ways of communicating within our Office.
5. Address all recommendations of the Occupational Health and Safety Committee (OH&S) in a timely manner.
6. Ensure staff follow safe work practices as defined by the Office.
7. Adjust workloads to facilitate a balance between work, home, and community.

Glossary

Accountability – the ability to demonstrate responsible action and report performance in light of agreed-upon expectations.

Action plans – the activities, time lines, and resources to accomplish goals and objectives and to implement strategies. Our action plans are carried out annually during the four-year plan, except where a specific date is indicated. The costs of our action plans are reported annually to the Legislative Assembly in our Business and Financial Plan.

Agency – an entity of Government accountable for public money.

Assembly – the Legislative Assembly of Saskatchewan.

Assurance – the Provincial Auditor Saskatchewan issues a written communication expressing a conclusion concerning a subject matter for which an agency is responsible.

Best practices – professional procedures or actions that are efficient, economical, and effective in accomplishing the purpose intended. Best practices may meet or exceed generally accepted auditing standards or other minimum standards in creative ways using evolving technologies or new methods.

Business plan – an agency's planned operations for the fiscal year.

CCOLA – the Canadian Council of Legislative Officers is an organization devoted to sharing information and supporting the continued development of auditing methodology, practices and professional development in legislative auditing.

Competency-based framework – the framework used for human resource management and policy development that identifies the competencies necessary for our Office to be successful. Competencies are the elements our Office must know, be able to do, and attitudes we must possess.

Control – those elements of an agency (including its resources, systems, processes, culture, structure, and activities) that, taken together, support people in the achievement of the agency's objectives.

Financial plan – an agency's planned revenues and expenses for the fiscal year.

Goal – a general statement of desired results to be achieved over an unspecified period of time.

Government – departments and Crown agencies as defined in *The Provincial Auditor Act*.

Guiding principles – the key values that are used to assist decision making.

Mission – the broad, long-term purpose of an agency and its primary focus including the stakeholders to be served.

Objective – a measurable, time-defined result to be achieved that leads to the achievement of each goal.

Outcome – the consequence or result of activities (e.g., our work results in better management systems and practices; Members of the Legislative Assembly are better able to assess the performance of Government as a result of our work).

Performance indicator – a factor chosen to monitor success in achieving objectives.

Performance report – compares an agency's planned and actual results (e.g., an annual report, financial statements).

Risk – the possibility that an agency will experience adverse consequences from events or circumstances (e.g., a major financial, operational, or legal issue an agency must manage well for success in achieving its objectives).

Sectors – multiple government agencies working together to deliver common programs or to achieve common goals.

Stakeholders – those who have an interest in our decisions, including the people of Saskatchewan, Members of the Legislative Assembly and Standing Committees, and officials/managers/employees of Government.

Strategies – the approaches that can be taken to meet objectives and achieve goals.

Supervising agency – agencies that have some responsibility for other agencies.

Vision – a brief description of the ideal state.

Abbreviations

CCAF – Canadian Comprehensive Auditing Foundation

CCC – The Standing Committee on Crown Corporations

CCOLA – Canadian Council of Legislative Auditors

CIC – Crown Investments Corporation of Saskatchewan

CICA – The Canadian Institute of Chartered Accountants

ICAS – Institute of Chartered Accountants of Saskatchewan

PAC – The Standing Committee on Public Accounts

Supplementary Information

Employee Earnings

List of employees earning $2,500 or more and their earnings for the year ended March 31, 2004.

Ahmad, Mobashar	$108,462	Lahti, Johan J.	4,100
Anderson, Mark T.	84,556	Lahti, Kami J.	36,675
Atkinson, Brian R.	120,891	Lees, Trina C.	36,476
Bachelu, Gaylene K.	20,783	L'Heureux, Desirée L.	7,625
Baronowsky, Tricia A.	9,379	Lindenbach, Michelle D.	27,970
Boechler, Danielle B.	30,981	Lowe, Kimberley I.	56,392
Borys, Angèle M.	91,566	Martens, G. Andrew	91,566
Brezinski, Curtis T.	37,977	McLeod, Amber D.	6,919
Calder, Chantara L.	32,009	Montgomery, Edward	108,462
Clemett, Tara L.	73,350	Nyhus, Glen D.	91,566
Creaser, Philip M.	96,068	Oldershaw, Mark J.	54,381
DeCorby, Michelle M.	35,239	Ottenbreit, Stacey A.	38,397
Deis, Kelly W.	89,039	Paul, Charlene A.	61,889
Dickin, Deann J.	51,956	Paul, Kent W.	52,566
Dmytrash, Desirae A.	5,379	Pederson, Jennifer J.	30,560
Duran, Jason S.	60,565	Rybchuk, Corrine P.	50,904
Duran, Joel K.	44,861	Schell, Doug H.	28,423
Eger, Leanne M.	25,506	Schiller, Rita L.	28,436
Emond, Candice M.	26,487	Schwab, Amy P.	43,382
Ferguson, Judy D.	104,422	Schwab, Victor A.	89,039
Fysh, Cindy M.	35,395	Shorten, Karen E.	34,638
Grabarczyk, Roderick A.	91,566	Sommerfeld, E. Regan	61,889
Harasymchuk, William W.	81,449	St. John, Trevor P.	25,506
Hartley, Tyron R.	28,423	Stringfellow, Sarah J.	5,379
Heebner, Melanie J.	9,090	Thomson, Nathan K.	30,981
Heffernan, Michael A.	108,462	Thorson, Angela K.	32,984
Huard, Brenda M.	38,475	Tomlin, Heather D.	52,127
Hungle, Angie D.	53,972	Volk, Rosemarie M.	91,566
Jersak, Rodd S.	91,566	Walker, Sandra J.	65,373
Kirchner, Carolyn	78,444	Wandy, Jason M.	19,566
Klein, Robin L.M.	30,981	Watkins, Dawn L.	34,638
Knox, L. Jane	96,068	Wendel, G. Fred	133,042
Kress, Jeffrey J.	81,500	Wendel, Leslie E.	91,566
Lacey, Shana A. M.	14,673		
		Payees under $2,500	1,850
		Decrease in accrued vacation leave payable and recoveries	(8,214)
			$3,608,159

Suppliers

List of persons or organizations that provided goods and services to the Office of the Provincial Auditor for $20,000 or more for the year ended March 31, 2004.

ASAP Software	$ 28,079
CA School of Business	31,592
CCAF-FCVI	20,150
Dell Financial Services Canada	36,691
Institute of Chartered Accountants of Saskatchewan	33,181
Merchant Law Group	55,385
Meyers Norris Penny LLP	30,570
PrintWest Communications	35,014
S & U Homes	319,107
Saskatchewan Telecommunications	29,726
Virtus Group, Chartered Accountants and Business Advisors LLP	56,620
Xerox Canada Ltd.	22,616
	698,731
Suppliers under $20,000	326,963
	$ 1,025,694

Other Expenditures

List of statutory expenditures of the Office of the Provincial Auditor for $20,000 or more for the year ended March 31, 2004.

Public Employees Dental Plan	$ 44,412
Public Employees Disability Plan	35,827
Public Employees Pension Plan	211,586
Receiver General for Canada - Canada Pension Plan	99,130
Receiver General for Canada - Employment Insurance	56,118
Saskatchewan Blue Cross	39,246
Workers' Compensation Board	34,767
	521,086
Other expenditures under $20,000	4,513
	$ 525,599